

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

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Mineral Deposits Limited ABN 19 064 377 420

Date: 13 June 2008

Time: 10.30am Melbourne, Australia time

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

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**Mineral Deposits Limited**

ABN 19 064 377 420

Dear Shareholder

### **Sabodala Gold Project Working Capital Facility**

On 14 April 2008, MDL announced that it had executed documentation and commenced drawdown of the first component of a debt financing package for the further construction and development of the Sabodala Gold Project located in the Republic of Senegal, west Africa. The US\$35 million revolving working capital facility (**Working Capital Facility**) component has been provided by RMB Australia Holdings Limited (**RMB**) and Macquarie Bank Limited (**Macquarie**). Part of the consideration for the provision of the Working Capital Facility is an issue of options to acquire unissued shares in MDL (**Options**).

Under the terms of an option deed between MDL, RMB, Macquarie and RMB Resources Limited dated 10 April 2008 (**Option Deed**):

- 10 million Options were issued equally to RMB and Macquarie on 10 April 2008; and
- up to 10 million Options are proposed to be issued equally to RMB and Macquarie on or around 10 July 2008.

The purpose of this meeting is to seek the approval of MDL shareholders to:

- ratify the issue of 10 million Options issued to RMB and Macquarie on 10 April 2008; and
- approve the issue of up to 10 million Options on or around 10 July 2008,

pursuant to the terms of the Option Deed.

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

Your directors believe that the issue of the Options to RMB and Macquarie pursuant to the Option Deed will benefit MDL and its shareholders because the funds drawn down under to the Working Capital Facility will provide MDL with working capital for the further construction and development of the Sabodala Gold Project.

The ratification and approval of the issue the subject of the resolution will also enable MDL to take advantage of opportunities as they arise and proceed to issue more securities without the delay involved in getting prior approval of its shareholders.

### **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 11 June 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 adviser.

Mineral Deposits Limited is a Designated Foreign Issuer as such term is defined by the Canadian Securities Administrators' National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*. Mineral Deposits Limited is subject to the foreign regulatory requirements of the ASX and ASIC.

This explanatory statement is dated 14 May 2008.

# Explanatory statement and Notice of general meeting

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Mineral Deposits Limited ABN 19 064 377 420 (MDL)

# Introduction

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## 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 rules 7.1 and 7.4 of the Australian Securities Exchange (**ASX**). If the resolution to ratify and approve the issue of options over unissued ordinary shares in MDL (**Options**) to Macquarie Bank Limited (**Macquarie**) and RMB Australia Holdings Limited (**RMB**) is approved, MDL can proceed to make any further issues of securities and take advantage of opportunities as they arise without the delay caused by requiring prior shareholder approval.

## 2. The issue to Macquarie and RMB

### **Background and reasons for the proposed issue**

The issue of Options to RMB and Macquarie forms part of the consideration for the provision of the US\$35 million revolving working capital facility provided by RMB and Macquarie pursuant to a Facility Agreement between MDL, MDL (Mining) Limited, RMB, Macquarie and RMB Resources Limited dated 10 April 2008 (**Working Capital Facility**).

The funds under the Working Capital Facility will be applied by MDL for the further construction and development of the Sabodala Gold Project. MDL would not have had access to the first drawdown of funds unless the Options had been issued to RMB and Macquarie on 10 April 2008 and MDL will not have access to additional funds unless the Options are issued on or around 10 July 2008.

The Options are issued pursuant to the terms of an Option Deed between MDL, Macquarie, RMB and RMB Resources Limited dated 10 April 2008 (**Option Deed**). Under the terms of the Option Deed:

- MDL commenced drawdown of the first component of the US\$35 million facility and issued 5,000,000 Options to each of RMB and Macquarie on 10 April 2008; and
- within 10 Business Days following the end of the 30 June 2008 quarter, up to 5,000,000 Options are intended to be issued to each of RMB and Macquarie based on the aggregate principal amount outstanding under the Working Capital Facility at the end of this quarter.

### **Intended use of funds raised**

There are no funds raised from the issue of the Options. Under the terms of the Working Capital Facility, any funds raised on the exercise of the Options by RMB or Macquarie must be applied as a mandatory prepayment of the principal outstanding under the Working Capital Facility to that financier with any surplus proceeds to be applied as a mandatory prepayment of the principal outstanding to the other financier.

### 3. Legal and regulatory requirements

- 3.1 Under ASX listing rule 7.1, a listed company must get the approval of its shareholders before it can issue securities 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.
- 3.2 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 Macquarie and RMB did not breach listing rule 7.1.
- 3.3 By approving the proposed issue of Options to Macquarie and RMB and ratifying the issue of further Options to Macquarie and RMB, MDL will 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 will be well placed to readily take advantage of opportunities as they arise.
- 3.4 ASX listing rules 7.3 and 7.5 require the following information about the issue to Macquarie and RMB to be given to shareholders.

#### Number of securities issued and the allottees

Name of allottee	Number of Options	Issue date	Issue price
Macquarie Bank Limited	5,000,000	10 April 2008	Nil
RMB Australia Holdings Limited	5,000,000	10 April 2008	Nil

#### Number of securities to be issued and the allottees

Name of allottee	Number of Options	Issue date	Issue price
Macquarie Bank Limited	Up to 5,000,000	Anticipated to be issued on or around 10 July 2008 but in any event within three months of the date of the Meeting.	Nil
RMB Australia Holdings Limited	Up to 5,000,000	Anticipated to be issued on or around 10 July 2008 but in any event within three months of the date of the Meeting.	Nil

#### Terms of issue

The Options are exercisable into fully paid ordinary shares in MDL pursuant to the terms of an Option Deed.

The exercise price payable by each optionholder on the exercise of the Options is A\$1.40 per Option.

The expiry date for each option is the date which is 36 calendar months after the issue date for that Option.

## 4. Effects of the proposed issue

- 4.1 At present, MDL understands that Macquarie holds 3,863,748 fully paid ordinary shares in MDL, while RMB and its associates do not have a relevant interest in the shares of MDL. On exercise of the Options and assuming no change to the existing share capital of MDL, MDL understands from information available to it that Macquarie and RMB and their respective associates will have a relevant interest in approximately 3.15% and 2.27% respectively of the shares of MDL.
- 4.2 In broad terms, a person has a relevant interest in securities if the person holds the securities or has the power to control the right to vote attached to them or to dispose of them.

## 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.

## 6. Recommendation

- 6.1 Your directors recommend that eligible shareholders vote in favour of the resolution set out in the accompanying notice of meeting.
- 6.2 If shareholders cannot attend the 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, Australia time on 11 June 2008.

**Dated: 14 May 2008**

# Notice of general meeting

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## Mineral Deposits Limited ABN 19 064 377 420

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

- on 13 June 2008
- at 10.30am Melbourne, Australia time
- at Level 7, 530 Little Collins Street, Melbourne, Victoria 3000

## Business

### Resolution – Options under the Working Capital Facility

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

'That, in compliance with:

- listing rule 7.1 of the Australian Securities Exchange, the issue of up to 10 million options exercisable into fully paid ordinary shares in Mineral Deposits Limited equally to Macquarie Bank Limited and RMB Australia Holdings Limited on or around 10 July 2008, but in any event within three months of the date of the Meeting; and
- listing rule 7.4 of the Australian Securities Exchange, the issue of 10 million options exercisable into fully paid ordinary shares in Mineral Deposits Limited equally to Macquarie Bank Limited and RMB Australia Holdings Limited on 10 April 2008,

outlined in the explanatory statement dated 14 May 2008, which forms part of this notice of meeting, is approved.'

## Voting:

MDL will disregard any votes cast on the resolution by:

- (a) each of Macquarie Bank Limited and RMB Australia Holdings Limited; and
- (b) an associate of those persons.

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

- (a) 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
- (b) 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 the Australian Securities Exchange at 5.00pm Melbourne, Australia time on 11 June 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 11 June 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 14 May 2008

By order of the Board

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Melvyn J. Drummond  
Secretary