



Mineral Deposits Limited

ABN 19 064 377 420

Consolidated Interim Financial Statements
for the half-year ended 31 December 2007

Expressed in Australian dollars unless otherwise stated

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

AND CONTROLLED ENTITIES

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This report does not include all the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. Accordingly, this report should be read in conjunction with the annual report of Mineral Deposits Limited for the year ended 30 June 2007. It is also recommended that this financial report be considered together with any public announcement made by Mineral Deposits Limited and its controlled entities during the period ended 31 December 2007, in accordance with the continuous disclosure requirements of the Corporations Act 2001, including its quarterly reports lodged with the Australian Stock Exchange ("ASX") and Toronto Stock Exchange ("TSX").

MINERAL DEPOSITS LIMITED

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AND CONTROLLED ENTITIES

DIRECTORS' REPORT

The directors of Mineral Deposits Limited ("MDL" or the "company") submit herewith the financial report for the period ended 31 December 2007. The directors report as follows:

DIRECTORS

The names of the directors of the company during or since the period ended 31 December 2007:

Nicholas J Limb
Jeffrey W Williams
Martin C Ackland
David J Isles
Robert V Danchin
Oliver Lennox-King (appointed 27 November 2007)

PRINCIPAL ACTIVITIES

The principal activities of the company continue to be firmly focused upon developing its two major projects in Senegal, west Africa – the Sabodala Gold Project ("Sabodala") and the Grande Côte Zircon Project ("GCZP").

OPERATING RESULTS

The net amount of the operating profit of the consolidated entity after provision for income tax for the half-year period was \$7,097,919 (31 December 2006 – \$9,352,236 net loss after tax).

REVIEW OF OPERATIONS

Sabodala Gold Project - 90% (through Sabodala Gold Operations SA ("SGO"))

Background

The Sabodala gold deposit is located in southeastern Senegal, some 650 kilometres east of the capital city Dakar. Sabodala lies within a granted 20.3 square kilometre Mining Concession. Access to the project area from the regional centre of Tambacounda is via a good, all-weather, sealed road 230 kilometres southeast to Kedougou, then over 96 kilometres of poorly sealed and laterite-surfaced roads. There is a 1,250 metre sealed airstrip at Sabodala already handling light to medium-sized aircraft on a regular schedule.

Construction 32% Complete

Construction is currently 32% complete and Sabodala is on track to commence production in September 2008.

The accommodation village capable of housing 550 employees at a planned capital cost of US\$15 million is some 60% complete.

The tailings dam and large raw water dam were both finished at the end of November 2007. The mining contractor, BCM of Ghana, is to be commended for the quality of construction and finished works and for completing the task as planned and on schedule. Water storage at Sabodala presently stands at 924,114 cubic metres.

A Mauritanian company, MCE, was awarded the civil concrete contract for the processing plant. Progress on the processing plant has been in line with schedule with the majority of civil earthworks well underway by the end of December 2007. The three largest earthworks tasks planned - the crusher vault, power-station and grinding mills - have all been completed. Construction of the bunding for the explosives enclosure is well advanced.

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DIRECTORS' REPORT

Resource/Reserve Estimate

As reported on 24 October 2007, the company announced an updated resource/reserve completed for Sabodala. The total project resource is now 2.74 million ounces.

The new mineable reserve for the Sabodala deposit of 1,264,000 ounces at a 0.8g/t gold cut-off, together with the Niakafiri deposit of 142,000 ounces at a 0.5g/t cut-off, extends Sabodala above 1.4 million ounces with significant new drilling results yet to be included. The total Sabodala project mineable open pit reserve is 18.3 million tonnes grading 2.4g/t. Of the total gold reserves:

- the current mineable (diluted) reserve for the Sabodala deposit comprises an estimated 15.8 million tonnes at an average grade of 2.49g/t gold and compares with the initial estimate in February 2007 of 10.5 million tonnes grading 2.99g/t gold; and
- the mineable open pit reserve estimate for the Niakafiri deposit is 2.5 million tonnes grading 1.76g/t gold.

The Resources and Reserves have been classified as a combination of Measured, Indicated and Inferred Mineral Resources according to CIM Definitions (2005).

Main Flat Zone of Sabodala Deposit Extended a Further 200 Metres

The drilling programme for the Sabodala open pit is now testing mineralisation to a vertical depth of up to 300 metres and over a strike length of 860 metres and a width of up to 200 metres. The current open pit is designed to a final depth of 230 metres. The drilling is focused on a series of mineralised features - east flat zone, main flat zone, northwest structure and deeper zones below the final pit depth.

Regional Gold Exploration Programmes

In addition to its granted Sabodala Mining Concession, MDL, through its 100% subsidiary Sabodala Mining Company SARL ("SMC"), has three further gold exploration projects in close proximity.

Massakounda and Dembola Berola are the subject of 80% joint ventures and, at Bransan, SMC is earning a 70% interest. All three properties are within 10-40 kilometres of the granted Sabodala mining concession.

Promising Anomalous First-up Drill Results at Bransan Project

Drilling commenced on the Bransan Exploration Permit which covers an area of some of 353 square kilometres. The targeted drill programme is positioned approximately 10 kilometres north of the planned Sabodala treatment plant.

Initial results for the first six lines from the wide-spaced geochemical drilling (200 metre step-outs) at the Goumbou Gamba prospect demonstrated the presence of a near-surface and wide zone of gold mineralisation.

The zone is still open along strike and at depth and will be tested with additional RAB drilling.

Grande Côte Zircon Project - 90% (through Grande Côte Operations SA ("GCO"))

Background

The Grande Côte zircon deposit is located some 100 kilometres north of the capital city Dakar. The project lies within a granted 446 square kilometre Mining Concession (100 kilometres by 4.5 kilometres). Access to the project area from the excellent deep water Dakar port is via a good, all-weather, sealed road north to Mboro, then poorly sealed and laterite-surfaced roads to access the dunal system itself.

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DIRECTORS' REPORT

Presidential Decree Signed

The Presidential Decree and Notification Letter dated 27 November 2007 was received and has paved the way for the company to commence development of this project.

The company holds a 25 year Mining Concession and a 15 year tax exoneration, among other incentives, under the executed Mining Convention.

The Government of the Republic of Senegal holds a 10% free carried interest in the project operating company.

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 and to involve them in the decision-making and ensure that the company brings long-term, tangible benefits to those communities.

During the period, the company has been active in community relations, environmental management, occupational health and safety, education, medical services, training and communications and infrastructure.

Significant works/services undertaken during the period included:

- construction of the Sabodala kindergarten almost complete;
- provision of medical consultations at the SMC and Diogo exploration camp clinics;
- provision of defensive driver training and 4WD training courses at both Sabodala and the GCZP;
- implementation of fire prevention measures as per the Bushfire Management Plan; and
- completion of a subcontractor environment audit.

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.

Corporate

Cdn\$50 million (A\$56 Million) Placement

On 13 December 2007, MDL successfully completed a Cdn\$50 million (A\$56 million) share placement involving the issue of 45.5 million shares at an issue price of Cdn\$1.10 per share (equivalent to A\$1.24 per share).

With the completion of the offering, MDL has 420,619,234 ordinary shares on issue.

The net proceeds of the offering will be used to further the development of Sabodala and the GCZP, as well as be applied to corporate overhead and general working capital expenses.

The final prospectus and technical report on the Company's properties is available at www.sedar.com.

TSX Listing Completed on 20 December 2007

On 20 December 2007, the ordinary shares of the company commenced trading on the TSX under the stock symbol "MDM".

The company is finalising arrangements for establishment of a representative office in Toronto as part of MDL's recent TSX listing.

MDL will remain quoted on the Australian Stock Exchange. All existing shareholders in Australia are able to trade shares as they have done in the past.

DIRECTORS' REPORT

Senior Executive Appointment – Mineral Sands Division

On 1 November 2007, the board of MDL announced the appointment of Mr Clever Fonseca to the position of President and CEO of MDL (Mining) Limited ("MDLM"). MDLM is the company's wholly-owned subsidiary responsible for the development and operation of the GCZP in Senegal, west Africa. Clever will assume responsibility for the management of the project's construction and ongoing operation. He will reside in Toronto, Canada where the company will open an office in the near future. Clever has taken up his appointment and is now engaged in the day-to-day management of MDL's Senegal operations.

CHANGE IN STATE OF AFFAIRS

There was no significant change in the state of affairs of the consolidated entity during the period other than as disclosed in this report.

DIVIDENDS

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

FINANCIAL POSITION


The net assets of the company increased by \$149,423,145 from 30 June 2007 to \$332,770,415 on 31 December 2007.

Net cash reserves increased by \$20,423,353 to \$68,553,347 at period end.

The company's continuing strong cash position enabled it to continue expenditure on its Senegalese projects and remain free of any borrowings during the period.

The directors believe the group to be in a strong and stable financial position to continue its planned exploration, development and construction programmes in Senegal.

This report is made in accordance with a resolution of the directors and dated this 14th day of February 2008.


J W Williams
Director


M C Ackland
Director

MINERAL DEPOSITS LIMITED

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AND CONTROLLED ENTITIES

CONSOLIDATED INCOME STATEMENT

FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 2007 AND 2006

(UNAUDITED)

		Three months ended 31 December		Six months ended 31 December	
	Note	2007 A\$	2006 A\$	2007 A\$	2006 A\$
Other income	3	11,133,429	1,607,279	14,286,303	3,825,346
Finance costs		-	(1,179)	-	(2,540)
Administration expenses		(4,066,402)	(7,763,266)	(7,120,083)	(9,807,668)
Net loss on disposal of plant and equipment		-	(3,367,374)	(13,050)	(3,367,374)
Profit/(loss) before tax		7,067,027	(9,524,540)	7,153,170	(9,352,236)
Income tax expense		(33,351)	-	(55,251)	-
Profit/(loss) attributable to members of Mineral Deposits Limited		7,033,676	(9,524,540)	7,097,919	(9,352,236)
Earnings per share					
Basic earnings per share (cents)		1.926	(3.182)	1.908	(3.125)
Diluted earnings per share (cents)		1.926	(3.182)	1.908	(3.125)

Notes to the financial statements are included on pages 9 to 18.

MINERAL DEPOSITS LIMITED

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AND CONTROLLED ENTITIES

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007 AND 30 JUNE 2007
(UNAUDITED)**

	Note	31 Dec 2007 A\$	30 June 2007 A\$
CURRENT ASSETS			
Cash and cash equivalents		68,553,347	48,129,994
Trade and other receivables		2,852,486	4,622,574
Inventories		316,656	125,746
Other		413,695	257,116
TOTAL CURRENT ASSETS		72,136,184	53,135,430
NON-CURRENT ASSETS			
Property, plant and equipment		22,415,031	11,324,880
Exploration and evaluation expenditure	4	226,227,246	109,245,974
Capitalised mining convention and concession costs		23,726,303	19,206,512
Other intangible assets		326,797	202,976
TOTAL NON-CURRENT ASSETS		272,695,377	139,980,342
TOTAL ASSETS		344,831,561	193,115,772
CURRENT LIABILITIES			
Trade and other payables		9,849,792	7,716,205
Current tax payable		55,251	-
Provisions		1,614,257	1,725,552
TOTAL CURRENT LIABILITIES		11,519,300	9,441,757
NON-CURRENT LIABILITIES			
Provisions		541,846	326,745
TOTAL NON-CURRENT LIABILITIES		541,846	326,745
TOTAL LIABILITIES		12,061,146	9,768,502
NET ASSETS		332,770,415	183,347,270
EQUITY			
Issued capital	5	375,801,115	234,115,062
Reserves		2,259,673	1,620,500
Accumulated losses		(45,290,373)	(52,388,292)
TOTAL EQUITY		332,770,415	183,347,270

Notes to the financial statements are included on pages 9 to 18.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2007 AND 2006
(UNAUDITED)

	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Options Reserve	Total Equity
	A\$	A\$	A\$	A\$	A\$
Balance at 1 July 2006	233,689,362	(31,568,580)	15,010	1,605,795	203,741,587
Loss for the period	-	(9,352,236)	-	-	(9,352,236)
Reserves increment/(decrement)	-	-	(48)	-	(48)
Total recognised income and expenses	-	(9,352,236)	(48)	-	(9,352,284)
Options exercised during the period	-	-	-	-	-
Shares issued during the year	-	-	-	-	-
Transaction costs relating to issue	(1,200)	-	-	-	(1,200)
Balance at 31 December 2006	233,688,162	(40,920,816)	14,962	1,605,795	194,388,103
Balance at 1 July 2007	234,115,062	(52,388,292)	14,705	1,605,795	183,347,270
Profit for the period	-	7,097,919	-	-	7,097,919
Reserves increment/(decrement)	-	-	279	638,894	639,173
Total recognised income and expenses	-	7,097,919	279	638,894	7,737,092
Options exercised during the period	-	-	-	-	-
Shares issued during the year	150,170,000	-	-	-	150,170,000
Transaction costs relating to issue	(8,483,947)	-	-	-	(8,483,947)
Balance at 31 December 2007	375,801,115	(45,290,373)	14,984	2,244,689	332,770,415

Notes to the financial statements are included on pages 9 to 18.

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CONSOLIDATED CASH FLOW STATEMENT

FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 2007 AND 2006

(UNAUDITED)

	Three months ended 31 December		Six months ended 31 December	
	2007 A\$	2006 A\$	2007 A\$	2006 A\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	1,602,096	19,368	1,900,415	1,071,587
Payments to suppliers and employees	(3,055,177)	(396,815)	(6,429,329)	(6,909,091)
Interest received	837,005	1,539,283	1,796,667	3,493,918
Finance costs	-	(1,179)	-	(2,539)
Net cash provided by/(used in) operating activities	<u>(616,076)</u>	<u>1,160,657</u>	<u>(2,732,247)</u>	<u>(2,346,125)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for capitalised exploration and development expenditure	(62,268,561)	(14,647,994)	(114,550,135)	(24,045,377)
Payments for property, plant and equipment	(10,857,087)	(1,665,701)	(12,019,379)	(2,553,801)
Payments for capitalised mining convention/concession costs	(4,519,791)	-	(4,519,791)	(2,707,399)
Payments for other intangible assets	(73,689)	(60,332)	(218,274)	(96,810)
Proceeds from sale of property, plant & equipment	543	20,000	42,543	125,000
Net cash (used in) investing activities	<u>(77,718,585)</u>	<u>(16,354,027)</u>	<u>(131,265,036)</u>	<u>(29,278,387)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of equity securities	56,420,000	-	150,170,000	-
Payment for share issue costs	(3,338,798)	-	(7,763,947)	(1,200)
Proceeds from monies held in trust	1,635	1,721	3,221	3,432
Net cash provided by financing activities	<u>53,082,837</u>	<u>1,721</u>	<u>142,409,274</u>	<u>2,232</u>
Net increase/(decrease) in cash and cash equivalents held	(25,251,824)	(15,191,649)	8,411,991	(31,622,280)
Cash and cash equivalents at the beginning of the period	83,832,075	129,504,765	48,129,994	145,876,533
Effect of exchange rates on cash holdings in foreign currencies	9,973,096	(4,962,419)	12,011,362	(4,903,556)
Cash and cash equivalents at the end of the period	<u>68,553,347</u>	<u>109,350,697</u>	<u>68,553,347</u>	<u>109,350,697</u>

Notes to the financial statements are included on pages 9 to 18.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 2007 AND 2006 (UNAUDITED)

1. BASIS OF PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

Reporting Entity

Mineral Deposits Limited (the "company") is a company domiciled in Australia. The consolidated interim financial statements of the company as at and for the three months ended 31 December 2007 comprise the company and its subsidiaries (together referred to as the "consolidated entity").

A copy of the company's Annual Report as at and for the year ended 30 June 2007 is available upon request from the company's registered office at Level 7, 530 Little Collins Street, Melbourne, Victoria 3000 or at www.mineraldeposits.com.au.

Statement of Compliance

The unaudited interim consolidated financial statements are a general purpose financial report prepared in accordance with AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with the International Financial Reporting Standards IASB 34 'Interim Financial Reporting'. The financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent Annual Report. These unaudited interim consolidated financial statements reflect all normal and recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the respective interim periods presented.

Basis of Preparation

The interim consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the financial report are consistent with those adopted and disclosed in the company's 2007 Annual Report for the financial year ended 30 June 2007.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 2007 AND 2006
(UNAUDITED)**
2. SEGMENT INFORMATION

The activities of the company can be separated into mineral sands and gold activities. The mineral sands activities comprise the closure of the Hawks Nest operations and ongoing rehabilitation work being carried out by the company in that region and exploration and other activities in relation to the GCZP in Senegal. The gold activities incorporate the company's early development activities in relation to Sabodala and regional exploration works in the Sabodala area, both in Senegal.

	Mineral sands activities		Gold activities		Consolidated	
	Three months ended		Three months ended		Three months ended	
	31 December		31 December		31 December	
	2007	2006	2007	2006	2007	2006
	A\$	A\$	A\$	A\$	A\$	A\$
Revenue:						
External sales	-	-	-	-	-	-
Other revenue	522,534	45,991	6,639	-	529,173	45,991
Unallocated revenue					356,285	1,475,341
Total income from ordinary activities					885,458	1,521,332
Results:						
Segment result	2,329,573	(5,151,002)	5,176,739	(898,547)	7,506,312	(6,049,549)
Unallocated expenses net of unallocated revenue					(439,285)	(3,474,991)
Profit/(loss) from ordinary activities before income tax expense					7,067,027	(9,524,540)
Income tax expense					(33,351)	-
Net profit/(loss)					7,033,676	(9,524,540)
Assets:						
Segment assets	90,488,661	74,499,593	188,873,873	98,297,490	279,362,534	172,797,083
Unallocated assets					65,469,027	20,318,689
Total assets					344,831,561	193,115,772
Liabilities:						
Segment liabilities	1,822,439	3,071,826	6,142,851	5,751,421	7,965,290	8,823,247
Unallocated liabilities					4,095,856	945,255
Total liabilities					12,061,146	9,768,502

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 2007 AND 2006
 (UNAUDITED)

3. RESULTS FOR THE PERIOD

	Three months ended 31 December		Six months ended 31 December	
	2007 A\$	2006 A\$	2007 A\$	2006 A\$
The following items are relevant in explaining the financial result:				
Interest revenue - bank	841,432	1,534,299	1,805,248	3,536,559
Other revenue:				
- rental received	14,857	12,767	45,487	34,617
- other	29,169	40,213	44,495	129,170
Gain from sale of fixed assets	-	20,000	42,543	125,000
Foreign currency gains (unrealised)	10,247,971	-	12,348,530	-
	<u>11,133,429</u>	<u>1,607,279</u>	<u>14,286,303</u>	<u>3,825,346</u>
Charging as administration expenses:				
- depreciation of non-current assets	(285,746)	(253,603)	(561,639)	(476,156)
- amortisation of intangible assets	(16,602)	(15,664)	(30,483)	(17,868)
- impairment of property, plant and equipment	(13,050)	(3,367,374)	(13,050)	(3,367,374)
- foreign currency losses (unrealised)	-	(4,981,294)	-	(4,981,294)
Employee benefits:				
- expensing share based payments	(539,427)	-	(638,894)	-
- provision for leave entitlements	(37,285)	(130,663)	(318,544)	(281,358)
- post employment benefits	51,299	(131,620)	(292,244)	(248,049)
	<u>51,299</u>	<u>(131,620)</u>	<u>(292,244)</u>	<u>(248,049)</u>

4. EXPLORATION AND EVALUATION

	Six months to 31 Dec 2007 A\$	12 months to 30 June 2007 A\$	Six months to 31 Dec 2006 A\$
Costs carried forward in respect of interest at cost	109,245,974	32,972,072	32,972,072
Expenditure incurred during the period	116,981,272	76,273,902	26,020,141
Expenditure expensed/written off/recouped during the period	-	-	-
	<u>226,227,246</u>	<u>109,245,974</u>	<u>58,992,213</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 2007 AND 2006
(UNAUDITED)****5. ISSUED CAPITAL**

	31 Dec 2007 A\$	30 June 2007 A\$		
(a) Ordinary shares				
Paid up capital				
420,619,234 (30 June 2007 – 300,119,234) fully paid ordinary shares	<u>375,801,115</u>	<u>234,115,062</u>		
	31 Dec 2007 No.	31 Dec 2007 A\$	30 June 2007 No.	30 June 2007 A\$
At the beginning of the period	<u>300,119,234</u>	<u>234,115,062</u>	<u>299,259,234</u>	<u>233,689,362</u>
Shares issued during the period:				
- 3 July 2006	-	-	50,000	-
- 29 January 2007	-	-	15,000	6,750
- 29 June 2007	-	-	795,000	421,350
- 11 July 2007	44,898,630	56,123,287	-	-
- 9 August 2007	30,101,370	37,626,713	-	-
- 20 December 2007	45,500,000	56,420,000	-	-
Transaction costs relating to issue	-	(8,483,947)	-	(2,400)
Total for the period	<u>120,500,000</u>	<u>141,686,053</u>	<u>860,000</u>	<u>425,700</u>
At the end of the period	<u>420,619,234</u>	<u>375,801,115</u>	<u>300,119,234</u>	<u>234,115,062</u>

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore the company does not have a limited amount of authorised capital and issued shares do not have a par value.

Fully paid ordinary shares carry one vote per share and carry rights to dividends.

- On 11 July 2007, the company issued 44,898,630 ordinary shares as the First Tranche of a placement at \$1.25 per share.
- On 9 August 2007, following shareholder approval held in general meeting on 6 August 2007, the company issued 30,101,370 ordinary shares as the Second Tranche of the placement at \$1.25 per share.
- On 20 December 2007, the company issued an initial public offering of 45,500,000 ordinary shares in the capital of MDL on the TSX at a placement of C\$1.10 per share, pursuant to the terms and conditions of an underwriting agreement dated 12 December 2007.

There were no other movements in the ordinary share capital or other issued capital of the company in the current reporting period.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 2007 AND 2006
(UNAUDITED)**

(b) Share Options

As at 31 December 2007, the following unissued ordinary shares of the company under option were outstanding:

ASX Code	Grant Date	Expiry Date	Exercise Price A\$	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	285,000
MDLAO	10 March 2005	10 March 2010	0.65	500,000
MDLAQ	23 November 2005	23 November 2010	0.85	500,000
MDLAS	1 May 2006	1 May 2011	2.00	1,000,000
MDLAU	19 July 2007	18 July 2012	1.60	2,650,000
MDLAW	29 November 2007	29 November 2012	1.60	6,500,000
MDLAY	5 December 2007	4 December 2012	1.60	1,000,000
				18,435,000

	Three months ended 31 December 2007		Three months ended 30 September 2007	
	No. of options	Weighted Average Exercise Price A\$	No. of options	Weighted Average Exercise Price A\$
Outstanding at the beginning of the interim period	10,935,000	0.89	8,285,000	0.56
Granted	7,500,000	1.60	2,650,000	1.60
Forfeited	-	-	-	-
Exercised	-	-	-	-
Lapsed	-	-	-	-
Outstanding at end of the interim period	18,435,000	1.18	10,935,000	0.89
Exercisable at end of the interim period	8,285,000	0.89	8,285,000	0.66

On 29 November 2007, shareholders approved the issue of 6,500,000 share options (MDLAW) to directors to accept ordinary shares at an exercise price of \$1.60 at any time (subject to vesting conditions) on or before 27 November 2012. The options will lapse and be cancelled if, prior to the vesting date, the director of the company to whom the options relate resigns or the office of that director becomes vacant pursuant to clause 60.1 of the company's Constitution.

On 5 December 2007, 1,000,000 share options were granted to a senior executive (MDLAY) to accept ordinary shares at an exercise price of \$1.60 at any time (subject to vesting conditions) on or before 4 December 2012. When an employee ceases employment, any options held will lapse if not exercised with 60 days of termination date.

Both classes of unlisted options immediately above vest on each of the following dates: 50% of the options issued to each class will vest on the first commercial product sale in respect of Sabodala or it is sold, joint ventured, farmed out or its value similarly realised. The remaining 50% of the options will vest on the first commercial product sales in respect of the GCZP or in the event the company's interest in the GCZP is sold, joint ventured, farmed out or its value similarly realised. All options vest in the event of a takeover event, scheme of arrangement or change in effective control.

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The options hold no voting or dividend rights and are not transferable except with the prior written approval of the board.

These options had a weighted average exercise price of \$1.60.

The options outstanding at 31 December 2007 had a weighted average exercise price of \$1.18 and a weighted average remaining contractual life of 3.57 years.

No options have been granted since the period ended 31 December 2007.

The fair value of share options issued during the period was estimated at the grant date using specific options pricing models, as stated below, applying the following inputs:

Option Series	MDLAU	MDLAW	MDLAY
Option Model	Black-Scholes	Binomial	Binomial
Issue date	19 July 2007	29 November 2007	4 December 2007
Number of options issued	2,650,000	6,500,000	1,000,000
Weighted average exercise price	\$1.60	\$1.60	\$1.60
Weighted average life of option	5 years	5 years	5 years
Underlying share price	\$1.48	\$1.30	\$1.30
Expected share price volatility	56.56%	37.50%	35.60%
Risk free interest rate	6.18%	6.31%	6.28%
Weighted average fair value	\$.7896	\$.3242	\$.4126
Total value of options	\$2,092,544	\$2,107,014	\$412,565

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future trends, which may not eventuate.

The life of the options is based on the historical exercise patterns which may not eventuate in the future.

As these classes of options (MDLAW and MDLAY) were granted with vesting restrictions, an amount of \$638,894 for the half-year ended (30 September 2007, MDLAU - \$99,467) has been included under administration expenses in the income statement and recognised directly in equity.

6. DIVIDENDS

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

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7. COMMITMENT TO EXPENDITURE

(a) Capital Expenditure Commitments

The group has commenced the construction phase of Sabodala and the GCZP. Capital expenditure commitments outstanding at 31 December 2007 comprised:

	31 Dec 2007 A\$	31 June 2007 A\$
Grande Côte Zircon Project	2,798,000	5,700,502
Sabodala Gold Project	23,107,688	38,062,272
	<u>25,905,688</u>	<u>43,762,774</u>

(b) Exploration Commitments

The company has committed to spend a total of US\$2.7 million over the next three years in respect of the Sabodala regional exploration programme.

8. SUBSEQUENT EVENTS

Sabodala Gold Project

On 18 January 2008, the company announced significant high grade gold intercepts returned from the latest step-out drilling at Sabodala, continuing to demonstrate the potential to extend the mineable reserves. The current open pit is designed to a vertical depth of 230 metres. It is estimated that the area beyond the present open pit design contains 1.7 million tonnes of undiluted Measured and Indicated resources averaging 4.7g/t gold above a 3.0g/t cut-off grade. Collectively, the potential underground zones are estimated to contain about 265,000 ounces of gold. Most of this resource is immediately adjacent to the open pit in a sphere of some 0-200 metres from the pit perimeter, and most zones are still open for drilling.

A scoping study will be commissioned during 2008 to define suitable underground mining methods, cost structures and cut-off grades for the deeper Sabodala mineralised zones presently being defined.

On 7 February 2008, the company announced a bank debt package for construction and development of Sabodala. MDL has negotiated a debt financing package with leading Australian financial institutions to provide total facilities of US\$130 million. The package will be in the form of Senior Project Finance and a Revolving Working Capital Line for completion of the construction and development phases of Sabodala and a finance lease for new mining equipment to be deployed at Sabodala.

The debt financing package will be provided by a syndicate of Australian-based resources banks. Debt drawdown is expected to commence during March 2008 when MDL will have completed expenditure of its equity contribution to the project financing. Drawdown will be subject to MDL meeting a number of conditions precedent, including implementation of a mandatory gold hedging strategy. Under the project debt facility documentation, MDL will commit to hedging part of Sabodala's production, details of which will be provided on execution of the final documentation for the debt component above. The hedging programme, as currently envisaged, will be designed to maintain a significant exposure of Sabodala's gold endowment to any future increases in the gold price. The project finance facilities and asset based debt will have a tenor of between three and four years.

Corporate

In early February 2008, the company received notification of the registration of its new Senegalese operating companies, namely Grande Côte Operations SA ("GCO") and Sabodala Gold Operations SA ("SGO") to accommodate the company's zircon and gold projects respectively. The company's wholly-owned Mauritian subsidiaries, Mineral Deposits Mauritius Limited and Sabodala Gold (Mauritius) Limited, will beneficially control 90% of the shares in each of the above and the Republic of Senegal will hold the remaining 10% interest in the two operating companies.

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9. CONTINGENT LIABILITIES

- (a) The company faces potential contingent liabilities in relation to its rehabilitation obligations on its moribund New South Wales ("NSW") exploration and mining tenements. The nature of these rehabilitation obligations includes water monitoring and revegetation. Some aspects of the rehabilitation obligations extend for a period in excess of 10 years after the cessation of previous mining activities. Ongoing rehabilitation work therefore continued at Mineral Deposits (Operations) Pty Ltd's former mining sites in NSW, Australia. No adverse situations were reported and work continued to schedule. At the time of this report, the company has insurance bonds in place for \$1.39 million and \$1.0 million respectively in favour of its NSW government and MidCoast Water rehabilitation obligations.
- (b) There are no outstanding native title claims against the company which could or would have a financial impact.
- (c) As at 30 June 2007, New Hampton Goldfields Limited, the former parent entity of the company, was continuing to provide a guarantee to GIO Australia in regard to the ongoing provision of environmental bonds by the latter for the mineral sands operations of the group in NSW. The guarantee concerned is a joint one also given by Mineral Deposits Limited.
- (d) The company faces potential liabilities in respect of Sabodala. The company has agreed that the following amounts will be payable if the project proceeds to production:
- approximately US\$4.2 million in four equal instalments over the first four years of production to which an annual interest rate of 6% applies on a reducing balance basis;
 - US\$6.50 per ounce bonus payment to the Government of the Republic of Senegal for capped mineable reserves exceeding 556,000 ounces for a total of US\$6.52 million;
 - an amount of US\$425,000 per annum on social development of local authorities in the surrounding Tambacounda region; and
 - a sum of US\$30,000 per year for logistical support of the territorial administration of the region.
- (e) The company faces potential liabilities in respect of the GCZP. The company has agreed that the following amounts will be payable if the project proceeds to production:
- an amount of \$500,000 within 30 days of completion of a bankable feasibility study for the project and on securing all the necessary funding either debt or equity from an internationally recognised banking or financial institution to develop the project; and
 - an amount of \$500,000 within 30 days of receipt by (the successor to) MDL Senegal SUARL, a subsidiary of MDL, of the first payment for a commercial arm's-length sales of product from the project.

The directors are not aware of any other contingent liabilities at 31 December 2007.

10. ACQUISITIONS AND DISPOSALS

There were no subsidiaries acquired or disposed of during the period ended 31 December 2007. However, on 16 November 2007, the company's wholly-owned subsidiary Nimbus Gold Pty Ltd changed its name and converted to a public company. The new name is MDL Gold Limited.

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11. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties except in relation to the transactions stated below. Transactions with related parties:

(a) Comprising the Consolidated Entity

During the interim period, the company advanced monies to its various subsidiaries:

	31 Dec 2007 A\$	30 June 2007 A\$
<i>Transactions during the period:</i>		
Advance to MDL (Mining) Limited	11,461,025	53,116,986
Advance to MDL Gold Limited	83,371,958	61,174,918
Advance to MDML (Capital) Limited	-	4,348,809
<i>Balances at 31 December:</i>		
Advance to MDL (Mining) Limited	84,276,236	72,815,211
Advance to MDL Gold Limited	184,442,723	101,070,765
Advance to MDML (Capital) Limited	4,348,809	4,348,809

The loans the subject of (a) above are non-interest bearing with no fixed repayment terms and payable on demand.

(b) Director Related Entities

During the three months ended 31 December 2007:

- office accommodation/facilities were provided by the consolidated entity at commercial rates to a related party, Cockatoo Ridge Wines Limited, of which Mr N J Limb was, and Mr M J S Drummond continues as, a director. The company charged \$600 (30 September 2007 - \$900) (excluding GST) in relation to the provision of naming services;
- office accommodation/facilities and administrative support were provided by the consolidated entity at commercial rates to Gippsland Offshore Petroleum Limited of which Mr N J Limb continues as a non-executive director. The company charged \$12,000 (30 September 2007 - \$18,000) (excluding GST) in relation to the provision of these services;
- office accommodation/facilities and administrative support were provided by the consolidated entity at commercial rates to Stellar Resources Limited of which Mr M J S Drummond continues as joint company secretary. The company charged \$4,333 (30 September 2007 - \$13,125) (excluding GST) in relation to the provision of these services;
- an amount of \$71,250 (30 September 2007 - \$71,250) (excluding GST) was paid for consulting fees provided to the company by Mineral Properties Pty Ltd of which Mr M C Ackland is an executive director and in which he has a beneficial interest. These amounts are at normal commercial rates; and
- geological services were provided to the consolidated entity at commercial rates by The Goongarrie Trust of which Dr D J Isles is a trustee and beneficiary. The Goongarrie Trust charged \$16,650 (30 September 2007 - \$8,800) (excluding GST) in relation to the provision of these services. Dr Isles continues as a non-executive director of the company.

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(c) Directors

The following persons were directors of the company during the period just ended:

Nicholas J Limb
Jeffrey W Williams
Martin C Ackland
David J Isles
Robert V Danchin
Oliver Lennox-King (appointed 27 November 2007)

No loans were made to directors or director-related entities during this period.

(d) Shares and Options held by Directors and Director Related Entities

The aggregate number of shares held by directors of the company or their director related entities at period end was 2,607,928 (30 June 2007 - 2,607,928).

The aggregate number of options of all classes held by directors of the company or their director related entities at period end was 13,000,000 (30 June 2007 - 6,500,000).

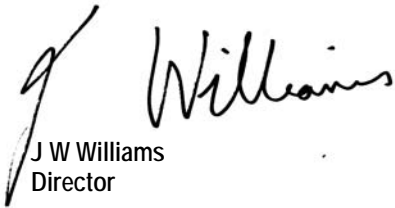
DIRECTORS' DECLARATION

The directors declare that:

1. 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; and
2. in the directors' opinion, the attached financial statements and notes thereto:
 - (a) are in compliance with accounting standards and give a true and fair view of the financial position and performance of the consolidated entity; and
 - (b) comply with Accounting Standard AASB 134 Interim Financial Reporting.

Signed in accordance with a resolution of the directors of Mineral Deposits Limited.

On behalf of the directors:


J W Williams
Director


M C Ackland
Director

Dated at Melbourne this 14th day of February 2008.

MINERAL DEPOSITS LIMITED

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AND SUBSIDIARIES

CORPORATE DIRECTORY

DIRECTORS

Nicholas J Limb (executive chairman)
Jeffrey W Williams (managing)
Martin C Ackland (executive)
David J Isles (non-executive)
Robert V Danchin (non-executive)
Oliver Lennox-King (non-executive)

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 director options held at this address

OVERSEAS OFFICE

Rue 26, N'Gor
Dakar
Senegal

Telephone: +221 (338) 693 181

Facsimile: +221 (338) 603 683

SHARE REGISTRY

Computershare Investor Services Pty Ltd
452 Johnston 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 14
440 Collins Street
Melbourne, Victoria 3000

AUDITOR

Deloitte Touche Tohmatsu
Chartered Accountants and Advisers
QV Building
180 Lonsdale Street
Melbourne, Victoria 3000

BANKERS

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

HOME EXCHANGES

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525 Collins Street
Melbourne, Victoria 3000
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Toronto Stock Exchange
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Canada

Trading Code: MDM