



Mineral Deposits Limited

ABN 19 064 377 420

Consolidated Interim Financial Statements
for the three months and nine months ended 31 March 2008

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 March 2008, in accordance with the continuous disclosure requirements of the Corporations Act 2001, including its quarterly reports lodged with the Australian Securities 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 March 2008. The directors report as follows:

DIRECTORS

The names of the directors of the company during or since the period ended 31 March 2008:

Nicholas J Limb
Jeffrey W Williams
Martin C Ackland
Clever G Fonseca (appointed 2 April 2008)
David J Isles
Robert V Danchin
Oliver Lennox-King

PRINCIPAL ACTIVITIES

The principal activities of the company continue to be 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 loss of the consolidated entity after provision for income tax for the three month period was \$7,799,326 (31 March 2007 – \$3,456,230) and for the nine month period was \$11,240,115 (31 March 2007 – \$12,806,466).

REVIEW OF OPERATIONS

Sabodala Gold Project

90% owned through Sabodala Gold Operations SA, 10% Government of the Republic of Senegal

Background

Sabodala is located in Senegal, some 650 kilometres east of the capital Dakar within the gold-bearing Birimian belt and about 90 kilometres from major gold discoveries in Mali. The Sabodala and Niakafiri deposits lie within a granted 20.3 square kilometre mining concession.

The Prospectus lodged in Canada for the company's listing on the TSX on 20 December 2007 contained the following highlights:

- Mineable gold reserve of 1.406 million ounces
- Global gold resource estimate of 2.74 million ounces
- Mill capacity of two million tonnes per year
- Mine life of 10 years
- Strip ratio of 5.2 (waste) to 1.0 (ore)
- Average mine life gold grade of 2.39 grammes per tonne
- Average mine life cash operating costs of US\$31.18 per tonne
- Average mine life cash operating costs of US\$441 per ounce

A gold price of US\$600 per ounce was used to calculate reserves.

Drilling Update

During the quarter just ended, drilling continued on exploration/resource definition in the environs of Sabodala. MDL expects to spend some US\$5 million on drilling on the project in 2008.

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Underground Reserves Potential

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. It is anticipated that this mineralisation will be accessed by "in-wall ramps".

The significant gold intercepts returned from the recent step-out drilling continue to demonstrate the potential to extend the Sabodala resource and mineable reserves. These targeted the Main Flat Zone to the west of the ultimate open pit design, the Lower Flat Zone also to the west at depth, the Northwest Shear and the Main Flat Zone to the north and northwest and the steep Quartz-Feldspar Porphyry (Fg) related mineralisation at depth below 300 metres. All of these targets may be amenable to future underground mining. The potential for extending the underground mineralisation – the East Flat Zone – was demonstrated by the new intersection outside of the current pit limit in SBRC830D on section 20510. This intercept was 8.0 metres (estimated true width of 6.4 metres) grading 6.3g/t from 239 metres downhole (hole is drilled vertical) and lies some 130 metres beyond the current pit limit.

Further work planned at Sabodala this year includes:

- a scoping study to be commissioned later in 2008 to define suitable underground mining methods, cost structures and cut-off grades for the deeper mineralised zones presently being defined; and
- revision to the current project resources and reserves planned for mid-year 2008.

Regional Gold Exploration Programmes

In addition to its granted Sabodala mining concession, MDL, through its wholly-owned subsidiary Sabodala Mining Company SARL ("SMC"), has four gold projects covering over 1,000 square kilometres. These comprise the company's regional gold exploration programme. Massakounda, Dembola Berola and Makana are the subject of 80% joint ventures and, at Bransan, SMC is earning a 70% interest. All four properties are within 10-40 kilometres of the Sabodala mining concession.

Makana Joint Venture

The Makana project is a new joint venture agreement signed during the quarter. The project area of 125 square kilometres lies approximately 15 kilometres southwest of the Sabodala mining concession and covers a five kilometre strike length of the structural trend which hosts the Sabodala gold deposit. The exploration permit, subject to a Mining Convention entered into between New African Petroleum Company SARL ("NAFPEC") and the Government of the Republic of Senegal ("GRS") dated 26 November 2004, was renewed for a period of three years on 26 November 2007. State approval of the joint venture was granted on 1 February 2008.

The key terms of the agreement are:

- SMC to make a cash payment of US\$20,000 to NAFPEC for data;
- SMC is required to spend US\$1.3 million on the project within three years; and
- SMC is the manager of the joint venture.

Exploration of this target area, which lies under a cover of relatively thin (5-10 metres) ferricrete, will involve geochemical drilling equivalent to RAB drilling and is planned for the upcoming 2008 field season.

Drill Results at Bransan Project

Drilling continued on the Bransan Exploration Permit which covers an area of some of 353 square kilometres. To date, the RAB drilling statistics stand at 304 holes for 12,725 metres on 16 lines focused on the Goumba-Gamba, Diadiako and Bransan prospects. Hole BSRB184 returned 19 metres at 1.0g/t gold from 24 to 43 metres depth and three metres at 4.5g/t gold from 25 to 28 metres depth. Hole BSRB185 returned 13 metres at 1.3g/t gold from the surface. The above results are all located on the southern, laterite and soil-covered extension of the Goumba-Gamba prospect and coincide with a zone where this trend is intersected by northwest trending structures. Further drilling of this prospect to test some of the wide, low grade intercepts at depth is planned.

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Dembala Berola Project

Exploration commenced on this project in January, with seven trenches for a total of 290 metres completed at the Goundamehko and Seven Hills prospects. All trenches were sampled at one metre intervals. A total of 290 samples was collected and sent to the laboratory for gold analysis.

Grande Côte Zircon Project

90% owned through Grande Côte Operations SA, 10% Government of the Republic of Senegal

Background

The GCZP is located about 80 kilometres northeast of the capital city Dakar, which has an excellent deepwater port, on a coastal dunal system extending along the Senegalese coast for more than 100 kilometres. The project lies within a granted 446 square kilometre mining concession (100 kilometres by 4.5 kilometres).

Work during the quarter included infill drilling as required in some locations and completion of photogrammetric and topographic work. In addition, much attention is being focused on the ilmenite component of the suite of heavy mineral sands.

Mine Planning

As part of the required work for the final mine plan, aerial photography was acquired over the site and processed to give a highly detailed and accurate topographic surface. This work was completed and is now being used in the detailed computer modelling and optimisation process to finalise the detailed mine plan, due to be completed late this year.

Ilmenite Project

As part of the dredging operation, volumes of ilmenite in excess of 700,000tpa will be extracted along with the zircon.

It has become apparent that a very substantial opportunity has arisen to market this ilmenite and dramatically increase project returns. Previous metallurgical testwork focused on optimisation of the zircon recoveries. New testwork was undertaken during the quarter to reoptimise the recoveries of zircon and ilmenite.

Two bulk samples (both obtained by shaft sinking in the Diogo mine plan area) are being processed at Downer EDI Mining – Mineral Technologies Pty Ltd laboratories at Carrara, Queensland to confirm previous testwork, trial improved spiral equipment and produce bulk zircon and ilmenite concentrates for further customer appraisal.

Preliminary results on the improved spiral equipment to date have been encouraging and have indicated enhanced mineral recovery, demonstrating an overall recovery in the order of 10% higher than that shown in previous work.

Long Lead Item Delivery

The fabrication of the mine dredge pump has been completed and it will be stored in Scotland prior to delivery to the Grande Côte site in early 2009.

Other Work

Hydrological and infill drilling and pump testing of the Grande Côte aquifers continued throughout the period.

The company-owned Tivouane preparation/sampling laboratory processed 6,072 samples using Lithium Sodium Tungstate and 8,009 samples were prepared for analysis.

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

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DIRECTORS' REPORT

During the period, the company continued to be 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 completed on 14 January, with the school opened and students enrolled for learning;
- completion of Faleme pipeline EIES report by Tropica Environmental Consultants based in Dakar. This has been submitted to the Government Technical Committee and is working its way through the approvals process;
- provision of medical consultations at the three clinics – SMC exploration camp, Sabodala Village and Diogo exploration camp;
- completion of drilling monitoring bores at Sabodala tailings dam; and
- community meetings held with the Prefet of Kedougou and the Sous-Prefet of Saraya regarding access to desired areas for future drilling programmes.

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

Sabodala US\$130 Million Bank Debt Package Negotiated

During the quarter, the company negotiated a debt financing package with leading Australian mining finance institutions to provide total facilities of US\$130 million for the completion of the construction and development phases of Sabodala and an asset based finance lease for the site mining fleet being delivered. The project finance facilities and asset based debt will have a tenor of between three and four years.

New Operating Companies Established

With all approvals received, MDL and the GRS established two new Senegalese operating companies, namely Grande Côte Operations SA and Sabodala Gold Operations SA, to complete construction of the projects and then mine the deposits under the terms of the granted mining concessions. These were registered on 29 and 31 January 2008 respectively. The company's wholly-owned Mauritian subsidiaries, Mineral Deposits Mauritius Limited and Sabodala Gold (Mauritius) Limited, beneficially control 90% of the shares in the operating companies respectively and the GRS holds the remaining 10% interest on a free-carried basis.

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.

SUBSEQUENT EVENTS

Sabodala Gold Project

Construction 55% Complete

Construction at the Sabodala mine site was 55% complete to end April and remains on schedule for commissioning during the December 2008 quarter. The cost to completion is approximately US\$90 million including a US\$12.2 million contingency provision.

The construction team moved into the in-plant offices in March and in the site village a number of key milestones were achieved with the completion of the North Village kitchen, diner, recreation and three H-block accommodation units. The water treatment and waste water treatment plant were commissioned and are now operational.

The 25MW heavy fuel oil power station works are well advanced with practical completion due in August 2008. In the process plant, the crusher suspended slab and ball mill bases were poured, both significant achievements. The ball and SAG mill components are now on site.

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DIRECTORS' REPORT

The CIL tank erection progress has run well with the majority of work being associated with stake erection for the first seven tanks. The focus has since shifted to the tank welding. Late in the period, the remaining two tanks of materials were delivered to site. Erection of these tanks and pre-assembly of the top of tank steel is expected to commence during April.

In preparation for owner mining, BCM is presently under contract to mine waste from the Sabodala pit and prepare working benches for MDL's newly purchased Komatsu mining fleet. To date this year, more than one million tonnes of waste was added to the base of the ROM pad. Ore mining is on schedule to begin in June with the target of 500,000 ore tonnes to be placed on the pad prior to mill start-up later this year.

Drilling Update

On 18 April 2008, a 46-hole, 2,570 metre pre-production RC drilling programme with drill spacing closed to 20 metres by 20 metres, designed to test the resource model in the upper benches of mining Phase 1, was completed. Results confirmed the resource model grades and tonnages with additional mineralisation identified in several holes adding confidence to a successful scheduled start-up of the Sabodala open pit mine.

Corporate

MDL Board Appointment

On 2 April 2008, the board announced the appointment of Mr Clever Fonseca to the position of Executive Director. He brings to the company a deep understanding of the TiO₂ and zircon industries and extensive knowledge of global feedstock producers and consumers. Mr Fonseca is currently the President and CEO of MDL (Mining) Limited ("MDLM"). MDLM is the dedicated subsidiary responsible for the development and operation of the company's Grande Côte Zircon Project.

He will reside in Toronto, Canada where the company has recently opened an office following its successful listing on the TSX on 20 December 2007. This appointment means that MDL will be represented in the Toronto market by two directors, one executive and one non-executive. The company expects the Toronto office will continue to grow throughout the year with further appointments in train.

\$US35 Million Bank Debt Facility Signed

On 14 April 2008, the company 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 Sabodala. The US\$35 million Revolving Working Capital Facility is being provided by RMB Australia Holdings Limited and Macquarie Bank Limited.


TSX Market Opening

The company's Listing Ceremony was held on 14 April 2008, at which Nic Limb, Executive Chairman, opened the TSX Market. Other directors and guests were on hand to participate in the occasion.

DIVIDENDS

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

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


J W Williams
Director


R V Danchin
Director

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CONSOLIDATED INCOME STATEMENT

FOR THE THREE AND NINE MONTHS ENDED 31 MARCH 2008 AND 2007

(UNAUDITED)

	Note	Three months ended 31 March		Nine months ended 31 March	
		2008 \$	2007 \$	2008 \$	2007 \$
Other income	3	371,091	1,382,509	2,308,865	5,207,854
Finance costs		-	-	-	(2,540)
Administration expenses		(8,170,034)	(4,789,187)	(13,480,296)	(14,596,855)
Net loss on disposal of plant and equipment		(383)	(47,552)	(13,433)	(3,414,925)
Loss before tax		(7,799,326)	(3,454,230)	(11,184,864)	(12,806,466)
Income tax expense		-	-	(55,251)	-
Loss attributable to members of Mineral Deposits Limited		(7,799,326)	(3,454,230)	(11,240,115)	(12,806,466)
Earnings per share					
Basic earnings per share (cents)		(2.021)	(1.051)	(2.913)	(4.083)
Diluted earnings per share (cents)		(2.021)	(1.051)	(2.913)	(4.083)

Notes to the financial statements are included on pages 10 to 18

MINERAL DEPOSITS LIMITED

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CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2008 AND 30 JUNE 2007

(UNAUDITED)

	Note	31 Mar 2008 \$	30 June 2007 \$
CURRENT ASSETS			
Cash and cash equivalents		9,428,526	48,129,994
Trade and other receivables		1,523,065	4,622,574
Other financial assets		1,852,675	-
Inventories		282,530	125,746
Other		1,196,823	257,116
TOTAL CURRENT ASSETS		14,283,619	53,135,430
NON-CURRENT ASSETS			
Property, plant and equipment		153,701,989	11,324,880
Exploration and evaluation expenditure	4	132,769,021	109,245,974
Capitalised mining convention and concession costs		25,322,223	19,206,512
Other intangible assets		275,462	202,976
TOTAL NON-CURRENT ASSETS		312,068,695	139,980,342
TOTAL ASSETS		326,352,314	193,115,772
CURRENT LIABILITIES			
Trade and other payables		13,125,380	7,716,205
Current tax payable		33,351	-
Provisions		1,620,454	1,725,552
TOTAL CURRENT LIABILITIES		14,779,185	9,441,757
NON-CURRENT LIABILITIES			
Provisions		441,374	326,745
TOTAL NON-CURRENT LIABILITIES		441,374	326,745
TOTAL LIABILITIES		15,220,559	9,768,502
NET ASSETS		311,131,755	183,347,270
EQUITY			
Issued capital	5	375,635,939	234,115,062
Reserves		(875,777)	1,620,500
Accumulated losses		(63,628,407)	(52,388,292)
TOTAL EQUITY		311,131,755	183,347,270

Notes to the financial statements are included on pages 10 to 18

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 31 MARCH 2008 AND 2007
(UNAUDITED)**

	Issued Capital	Accumulated Losses	Investment Revaluation Reserve	Foreign Currency Translation Reserve	Options Reserve	Total Equity
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2006	233,689,362	(31,568,580)	-	15,010	1,605,795	203,741,587
Loss for the period	-	(12,806,466)	-	-	-	(12,806,466)
Reserves increment/(decrement)	-	-	-	5,403	-	5,403
Total recognised income and expenses	-	(12,806,466)	-	5,403	-	(12,801,063)
Options exercised during the period	-	-	-	-	-	-
Shares issued during the year	-	-	-	-	-	-
Transaction costs relating to issue	(1,200)	-	-	-	-	(1,200)
Balance at 31 March 2007	233,688,162	(44,375,046)	-	20,413	1,605,795	190,939,324
Balance at 1 July 2007	234,115,062	(52,388,292)	-	14,705	1,605,795	183,347,270
Loss for the period	-	(11,240,115)	-	-	-	(11,240,115)
Reserves increment/(decrement)	-	-	(133,185)	(3,654,367)	1,291,275	(2,496,277)
Total recognised income and expenses	-	(11,240,115)	(133,185)	(3,654,367)	1,291,275	(13,736,392)
Options exercised during the period	-	-	-	-	-	-
Shares issued during the year	150,170,000	-	-	-	-	150,170,000
Transaction costs relating to issue	(8,649,123)	-	-	-	-	(8,649,123)
Balance at 31 March 2008	375,635,939	(63,628,407)	(133,185)	(3,639,662)	2,897,070	311,131,755

Notes to the financial statements are included on pages 10 to 18

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**CONSOLIDATED CASH FLOW STATEMENT
FOR THE THREE AND NINE MONTHS ENDED 31 MARCH 2008 AND 2007
(UNAUDITED)**

	Three months ended 31 March		Nine months ended 31 March	
	2008 \$	2007 \$	2008 \$	2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	69,229	145,977	350,577	145,977
Payments to suppliers and employees	(2,060,864)	(7,986,558)	(8,513,896)	(13,826,601)
Interest received	296,912	1,663,440	2,093,579	5,157,358
Finance costs	-	(2,539)	-	(2,539)
Net cash provided by/(used in) operating activities	<u>(1,694,723)</u>	<u>(6,179,680)</u>	<u>(6,069,740)</u>	<u>(8,525,805)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for capitalised exploration and development expenditure	(23,615,358)	(12,565,274)	(67,204,882)	(39,261,262)
Payments for property, plant and equipment	(25,946,883)	(7,191)	(97,300,836)	(7,191)
Payments for capitalised mining convention/concession costs	(1,595,920)	(316,764)	(6,115,711)	(3,024,163)
Proceeds from sale of property, plant & equipment	-	2,718	42,543	127,718
Payment for investment securities	-	-	(1,985,860)	-
Net cash (used in) investing activities	<u>(51,158,161)</u>	<u>(12,886,511)</u>	<u>(172,564,746)</u>	<u>(42,164,898)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of equity securities	-	-	150,170,000	-
Payment for share issue costs	(885,176)	(35,676)	(8,649,123)	(36,876)
Proceeds from monies held in trust	1,597	(25,161)	4,818	(21,729)
Net cash provided by/(used in) financing activities	<u>(883,579)</u>	<u>(60,837)</u>	<u>141,525,695</u>	<u>(58,605)</u>
Net increase/(decrease) in cash and cash equivalents held	(53,736,463)	(19,127,028)	(37,108,791)	(50,749,308)
Cash and cash equivalents at the beginning of the period	66,567,487	109,350,697	48,129,994	145,876,533
Effect of exchange rates on cash holdings in foreign currencies	<u>(3,402,498)</u>	<u>(814,578)</u>	<u>(1,592,677)</u>	<u>(5,718,134)</u>
Cash and cash equivalents at the end of the period	<u>9,428,526</u>	<u>89,409,091</u>	<u>9,428,526</u>	<u>89,409,091</u>

Notes to the financial statements are included on pages 10 to 18

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED 31 MARCH 2008 AND 2007 (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 nine months ended 31 March 2008 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 Annual Report for the financial year ended 30 June 2007.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED 31 MARCH 2008 AND 2007
(UNAUDITED)**
2. SEGMENT INFORMATION

The activities of the company can be separated into mineral sands and gold. The mineral sands activities comprise the closure of the Hawks Nest, Australia operations and ongoing rehabilitation work being carried out at former sites in that region and exploration and other activities in relation to the GCZP in Senegal. The gold activities cover the company's development underway at its granted mining concession at Sabodala and regional exploration work in the wider Sabodala area, both in Senegal.

	Mineral sands activities		Gold activities		Consolidated	
	Three months ended		Three months ended		Three months ended	
	31 March		31 March		31 March	
	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$
Revenue:						
External sales	-	-	-	-	-	-
Other revenue	9,963	17,176	1,639	85,609	11,602	102,785
Unallocated revenue					359,489	1,279,724
Total income from ordinary activities					371,091	1,382,509
Results:						
Segment result	(492,070)	(1,376,491)	(1,255,457)	(920,411)	(1,747,527)	(2,296,902)
Unallocated expenses net of unallocated revenue					(6,051,799)	(1,157,328)
Loss from ordinary activities before income tax expense					(7,799,326)	(3,454,230)
Income tax expense					-	-
Net loss					(7,799,326)	(3,454,230)
Assets:						
	Mineral sands activities		Gold activities		Consolidated	
	Period ended		Period ended		Period ended	
	31 Mar 2008	30 June 2007	31 Mar 2008	30 June 2007	31 Mar 2008	30 June 2007
	\$	\$	\$	\$	\$	\$
Segment assets	91,825,554	74,499,593	225,017,094	98,297,490	316,842,648	172,797,083
Unallocated assets					9,509,666	20,318,689
Total assets					326,352,314	193,115,772
Liabilities:						
Segment liabilities	1,162,144	3,071,826	12,228,196	5,751,421	13,390,340	8,823,247
Unallocated liabilities					1,830,219	945,255
Total liabilities					15,220,559	9,768,502

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED 31 MARCH 2008 AND 2007
(UNAUDITED)****3. RESULTS FOR THE PERIOD**

	Three months ended 31 March		Nine months ended 31 March	
	2008 \$	2007 \$	2008 \$	2007 \$
The following items are relevant in explaining the financial result:				
Interest revenue - bank	292,170	1,243,547	2,097,419	4,780,106
Other revenue:				
- rental received	23,428	111,142	68,915	145,759
- other	55,493	25,102	99,988	154,271
Gain from sale of fixed assets	-	2,718	42,543	127,718
Foreign currency gains (unrealised)	-	-	-	-
	<u>371,091</u>	<u>1,382,509</u>	<u>2,308,865</u>	<u>5,207,854</u>
Charging as administration expenses:				
- depreciation of non-current assets	(449,399)	(273,206)	(1,011,037)	(768,834)
- amortisation of intangible assets	(39,797)	(14,440)	(70,280)	(32,308)
- impairment of property, plant and equipment	(383)	(47,552)	(13,433)	(3,414,926)
- foreign currency losses (unrealised)	(3,402,499)	(2,357,490)	(1,592,677)	(7,262,230)
Employee benefits:				
- expensing share based payments	(652,380)	-	(1,291,275)	-
- provision for leave entitlements	(216,858)	(98,781)	(535,402)	(380,139)
- post employment benefits	<u>(136,135)</u>	<u>74,891</u>	<u>(606,381)</u>	<u>(173,158)</u>

4. EXPLORATION AND EVALUATION

	Nine months to 31 Mar 2008 \$	12 months to 30 June 2007 \$	Nine months to 31 Mar 2007 \$
Costs carried forward in respect of interest at cost	109,245,974	32,972,072	32,972,072
Expenditure incurred during the period	108,733,912	76,273,902	39,070,343
Expenditure transferred to property, plant and equipment	<u>(85,210,865)</u>	<u>-</u>	<u>-</u>
	<u>132,769,021</u>	<u>109,245,974</u>	<u>72,042,415</u>

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED 31 MARCH 2008 AND 2007
(UNAUDITED)****5. ISSUED CAPITAL**

	31 Mar 2008		30 June 2007	
	\$		\$	
(a) Ordinary shares				
Paid up capital				
420,619,234 (30 June 2007 – 300,119,234) fully paid ordinary shares		<u>375,635,939</u>		<u>234,115,062</u>
	31 Mar 2008	31 Mar 2008	30 June 2007	30 June 2007
	No.	\$	No.	\$
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	-	(8,649,123)	-	(2,400)
Total for the period	<u>120,500,000</u>	<u>141,520,877</u>	<u>860,000</u>	<u>425,700</u>
At the end of the period	<u>420,619,234</u>	<u>375,635,939</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 a right to dividends.

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 NINE MONTHS ENDED 31 MARCH 2008 AND 2007
(UNAUDITED)****(b) Share Options**

As at 31 March 2008, the following unissued ordinary shares of the company under option were outstanding:

ASX Code	Grant Date	Expiry Date	Exercise Price \$	No.
MDLAI	28 November 2003	28 November 2008	0.25	1,000,000
MDLAK	1 December 2004	1 December 2009	0.33	5,000,000
MDLAM	31 December 2004	2 January 2010	0.45	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
				<u>18,435,000</u>

No share options were issued during the reporting period.

6. DIVIDENDS

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

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 March 2008 comprised:

	31 Mar 2008 \$	31 June 2007 \$
Grande Côte Zircon Project	1,684,500	5,700,502
Sabodala Gold Project	<u>36,125,653</u>	<u>38,062,272</u>
	<u>37,810,153</u>	<u>43,762,774</u>

(b) Exploration Commitments

The company has committed to spend a total of US\$2.5 million over the next three years in respect of its Sabodala regional exploration programmes.

MINERAL DEPOSITS LIMITED

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED 31 MARCH 2008 AND 2007 (UNAUDITED)

8. SUBSEQUENT EVENTS

Sabodala Gold Project

Construction 55% Complete

Construction at the Sabodala mine site was 55% complete to end April and remains on schedule for commissioning during the December 2008 quarter. The cost to completion is approximately US\$90 million including a US\$12.2 million contingency provision.

The construction team moved into the in-plant offices in March and in the site village a number of key milestones were achieved with the completion of the North Village kitchen, diner, recreation and three H-block accommodation units. The water treatment and waste water treatment plant were commissioned and are now operational.

The 25MW heavy fuel oil power station works are well advanced with practical completion due in August 2008. In the process plant, the crusher suspended slab and ball mill bases were poured, both significant achievements. The ball and SAG mill components are now on site.

The CIL tank erection progress has run well with the majority of work being associated with stake erection for the first seven tanks. The focus has since shifted to the tank welding. Late in the period, the remaining two tanks of materials were delivered to site. Erection of these tanks and pre-assembly of the top of tank steel is expected to commence during April.

In preparation for owner mining, BCM is presently under contract to mine waste from the Sabodala pit and prepare working benches for MDL's newly purchased Komatsu mining fleet. To date this year, more than one million tonnes of waste was added to the base of the ROM pad. Ore mining is on schedule to begin in June with the target of 500,000 ore tonnes to be placed on the pad prior to mill start-up later this year.

Drilling Update

On 18 April 2008, a 46-hole, 2,570 metre pre-production RC drilling programme with drill spacing closed to 20 metres by 20 metres, designed to test the resource model in the upper benches of mining Phase 1, was completed. Results confirmed the resource model grades and tonnages with additional mineralisation identified in several holes adding confidence to a successful scheduled start-up of the Sabodala open pit mine.

Corporate

MDL Board Appointment

On 2 April 2008, the board announced the appointment of Mr Clever Fonseca to the position of Executive Director. He brings to the company a deep understanding of the TiO₂ and zircon industries and extensive knowledge of global feedstock producers and consumers. Mr Fonseca is currently the President and CEO of MDL (Mining) Limited ("MDLM"). MDLM is the dedicated subsidiary responsible for the development and operation of the company's Grande Côte Zircon Project.

He will reside in Toronto, Canada where the company has recently opened an office following its successful listing on the TSX on 20 December 2007. This appointment means that MDL will be represented in the Toronto market by two directors, one executive and one non-executive. The company expects the Toronto office will continue to grow throughout the year with further appointments in train.

\$US35 Million Bank Debt Facility Signed

On 14 April 2008, the company 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 Sabodala. The US\$35 million Revolving Working Capital Facility is being provided by RMB Australia Holdings Limited and Macquarie Bank Limited.

MINERAL DEPOSITS LIMITED

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED 31 MARCH 2008 AND 2007 (UNAUDITED)

TSX Market Opening

The company's Listing Ceremony was held on 14 April 2008, at which Nic Limb, Executive Chairman, opened the TSX Market. Other directors and guests were on hand to participate in the occasion.

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 to the GRS 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 GRS 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 March 2008.

MINERAL DEPOSITS LIMITED

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AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED 31 MARCH 2008 AND 2007 (UNAUDITED)

10. ACQUISITIONS AND DISPOSALS

During the period ended 31 March 2008, MDL and the GRS established two new Senegalese operating companies, namely Grande Côte Operations SA and Sabodala Gold Operations SA, to complete construction of the projects and then mine the deposits under the terms of the granted mining concessions. These were registered on 29 and 31 January 2008 respectively. The company's wholly-owned Mauritian subsidiaries, Mineral Deposits Mauritius Limited and Sabodala Gold (Mauritius) Limited, beneficially control 90% of the shares in the operating companies respectively and the GRS holds the remaining 10% interest on a free-carried basis.

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 Mar 2008 \$	30 June 2007 \$
<i>Transactions during the period:</i>		
Advance to MDL (Mining) Limited	7,689,462	53,116,986
Advance to MDL Gold Limited	43,759,994	61,174,918
Advance to MDML (Capital) Limited	-	4,348,809
<i>Balances at 31 March:</i>		
Advance to MDL (Mining) Limited	91,965,698	72,815,211
Advance to MDL Gold Limited	228,202,716	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 nine months ended 31 March 2008:

- office 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 \$1,200 (31 December 2007 - \$600) (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 \$24,000 (31 December 2007 - \$12,000) (excluding GST) in relation to the provision of same;
- 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 company secretary. The company charged \$10,408 (31 December 2007 - \$4,333) (excluding GST) in relation to the provision of these services;
- an amount of \$71,250 (31 December 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

MINERAL DEPOSITS LIMITED

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AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED 31 MARCH 2008 AND 2007 (UNAUDITED)

- 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 \$9,154 (31 December 2007 - \$16,650) (excluding GST) in relation to the provision of these services. Dr Isles continues as a non-executive director of the company.

(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

Mr Clever Fonseca was appointed to the board post 31 March 2008.

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).

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

AND CONTROLLED ENTITIES


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 are in compliance with accounting standards and give a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the directors:


J W Williams
Director


R V Danchin
Director

Dated at Melbourne this 14th day of May 2008.

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

AND SUBSIDIARIES

CORPORATE DIRECTORY

DIRECTORS

Nicholas J Limb (executive chairman)
Jeffrey W Williams (managing)
Martin C Ackland (executive)
Clever G Fonseca (executive) (appointed 2 April 2008)
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
Australia

Telephone: +61 3 9909 7633
Facsimile: +61 3 9621 1460
E-mail: mdlmail@mineraldeposits.com.au
Website: www.mineraldeposits.com.au

Registers of unlisted employee and director options held at this address

TORONTO OFFICE

Suite 3101
401 Bay Street
Toronto, Ontario M5H 2Y4
Canada

Telephone: +1 416 361 6196
Facsimile: +1 416 361 9131

SENEGAL OFFICE

Rue 26, N'Gor
Dakar
Senegal

Telephone: +221 338 693 181
Facsimile: +221 338 603 683

SOLICITORS

Minter Ellison
Level 23, 525 Collins Street
Melbourne, Victoria 3000
Australia

TAX AGENTS AND ADVISERS

Nexia ASR Pty Ltd
Level 14, 440 Collins Street
Melbourne, Victoria 3000
Australia

AUDITOR

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

SHARE REGISTRIES

Computershare Investor Services Pty Ltd
452 Johnston Street
Abbotsford, Victoria 3067
Australia

Telephone: 1300 850 505
Facsimile: +61 3 9473 2500

Register of listed ordinary shares held at this address

Computershare Trust Company of Canada
100 University Avenue, 8th Floor
Toronto, Ontario M5J 2Y1
Canada

BANKERS

Westpac Banking Corporation
360 Collins Street
Melbourne, Victoria 3000
Australia

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

RMB Australia Holdings Limited
Level 13, 60 Castlereagh Street
Sydney, New South Wales 2000
Australia

HOME EXCHANGES

Australian Securities Exchange
Level 45, South Tower
Rialto
525 Collins Street
Melbourne, Victoria 3000
Australia

Trading Code: MDL

Toronto Stock Exchange
The Exchange Tower, 3rd Floor
130 King Street West
Toronto, Ontario M5X 1J2
Canada

Trading Code: MDM