MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE QUARTER ENDED MARCH 31, 2008

Expressed in Australian dollars unless otherwise stated

MINERAL DEPOSITS LIMITED
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The financial statements of Mineral Deposits Limited ("MDL" or the "company") and the financial information contained in this Management Discussion and Analysis ("MD&A") were prepared in accordance with International Financial Reporting Standards.

Additional information about the company and its business activities is available on SEDAR at www.sedar.com and on the company's website at www.mineraldeposits.com.au.

The following MD&A of the company is in relation to the nine months ended March 31, 2008 and should be read in conjunction with the unaudited financial statements for the nine months ended March 31, 2008 and the notes thereto. The effective date of this report is May 15, 2008.

1. OVERVIEW SUMMARY

MDL is a mineral development company with a current focus on developing two major projects in Senegal, west Africa.

The projects concerned are the Sabodala Gold Project ("Sabodala"), which is located approximately 650 kilometres east-southeast of the capital Dakar, and the Grande Côte Zircon Project ("GCZP") which is located in the coastal dunal strip commencing approximately 50 kilometres northeast of Dakar.

The company is listed on the Australian Stock Exchange (symbol: MDL) and the Toronto Stock Exchange ("TSX") (symbol: MDM).

2. OVERALL PERFORMANCE

Highlights for the three months ended March 31, 2008 include:

Corporate

- Negotiation of a financing package for Sabodala with leading Australian mining finance institutions.
- Establishment of two operating companies to hold the project assets of Sabodala and the GCZP.
- Activation of the Senegalese operating company to provide shared services to the two project operating companies.

Sabodala Gold Project

- Construction at Sabodala was 45% complete.
- Construction team moved into the in-plant offices.
- North Village kitchen, diner, recreation hall and three accommodation units completed.
- Water treatment and waste water treatment plants commissioned.
- One million tonnes of waste has been mined from the Sabodala pit and added to the base of the ROM pad.

Grande Cote Zircon Project

- Aerial photogrammetry completed over the project area.
- New testwork undertaken to reoptimise the recovery of zircon and ilmenite in light of increased interest in the ilmenite product stream.
- Fabrication of the mine dredge pump completed.

3. CASH POSITION AND CAPITAL RESOURCES

As at March 31, 2008, the company held cash and cash equivalents of $14.3 million.

The company announced on February 7, 2008 that it had agreed a financing package with several internationally recognised banks to provide finance for the completion of Sabodala. The financing package comprises a project finance facility of US$70.0 million to be underwritten by Macquarie Bank Limited ("Macquarie") and a US$25.2 million mining fleet finance facility from Societe Generale. In addition, RMB Resources Limited was mandated to arrange a US$35.0 million Revolving Working Capital Facility.

Subsequent to the end of the quarter, the company drew down US$20 million from RMB Australia Holdings Limited ("RMB") and Macquarie as the first tranche of the RMB Resources Limited arranged Revolving Working Capital facility. As part of the initial drawdown, the company issued five million options at an exercise price of $1.40 per option to each of Macquarie and RMB. The balance of five million options to each of Macquarie and RMB are issuable upon the pro rata usage of the facility.

Following the end of the quarter, the company received an amended offer from Macquarie for the project finance. Under the revised terms, the facility limit was increased from US$70 million to US$77 million. The availability of the project finance and mining fleet finance facilities remains subject to the satisfactory completion of documentation and satisfaction of conditions precedent.

As at March 31, 2008, the company had 420,619,234 ordinary shares and 28,435,000 options at various exercise prices and expiry dates on issue.

4. RESULTS OF OPERATIONS

Net loss for the three months ended March 31, 2008 was $7,799,326 compared to a net loss of $3,454,230 during the corresponding period in 2007. Net loss for the nine months ended March 31, 2008 was $11,240,115 compared to a loss for the corresponding period of $12,806,466 in 2007. The largest components of the loss for the three months ended March 31, 2008 were *unrealised* foreign currency losses of $3,402,499, the expensing of share based payments for $652,380 and the depreciation of non-current assets of $449,399.

Other income for the period ended March 31, 2008 was $371,091, of which the largest contributor was interest received of $292,170.

The diluted loss per share for the three months ended March 31, 2008 was 2.02 Australian cents per share compared with a diluted loss of 1.05 Australian cents per share in the corresponding three month period ended March 31, 2007. The diluted loss per share for the nine months ended March 31, 2008 was 2.91 Australian cents per share compared with a diluted loss of 4.08 Australian cents per share in the corresponding period in 2007.

5. BALANCE SHEET

As at March 31, 2008, the company had total assets of $326,352,314 and total liabilities of $15,220,559 with net assets of $311,131,755. Net assets as at December 31, 2007 were $332,770,415 and the reduction in net assets between the two periods was largely associated with the net loss for the quarter and the strengthening of the Communaute Financiere Africaine franc ("Franc cFa") against the Australian dollar.

The company had no interest bearing liabilities as at March 31, 2008.

Subsequent to the end of the period, the company drew down US$20 million under the Revolving Working Capital Facility and it is anticipated that this facility will be further drawn down during the June quarter. The company is continuing its efforts to complete the documentation and satisfy the various conditions precedent, including a gold hedging program, which are required for the availability of the project finance and mining fleet finance facilities.

6. CASH FLOW

Net cash used in investing activities for the three months ended March 31, 2008 was $51,158,161 compared to $12,886,511 in the corresponding three month period in 2007. The increase in investment expenditure was a result of the upswing in construction activities at Sabodala as large earthmoving, pre-stripping, civil works and power station construction programs were further advanced.

Net cash used in operating activities for the three months ended March 31, 2008 was $1,694,723 compared with $6,179,680 for the corresponding period in 2007.

The net decrease in cash in the three month period ended March 31, 2008 was $53,736,463 and cash and cash equivalents on hand at the end of the period were $9,428,526.

7. 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 June 30, 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 Government of the Republic of Senegal 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 March 31, 2008.

8. CORPORATE RESPONSIBILITY FOR FINANCIAL REPORTS

MDL's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining the company's disclosure controls and procedures. Access to material information with respect to the company is facilitated by the small size of the company's senior management team. The CEO and CFO, after evaluating the effectiveness of the company's disclosure controls and procedures as of March 31, 2008, have concluded that the company's disclosure controls and procedures were adequate and effective to ensure that material information relating to MDL and its subsidiaries would have been known to them.

9. SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

The table below shows selected financial data for each of the eight quarters ended March 31, 2008. The financial data is derived from the company's interim unaudited financial statements, which are prepared in accordance with IFRS.

Financial Data – Last Six Quarters						
Three months ended	Mar 08	Dec 07	Sep 07	Mar 07	Dec 06	Sep 06
Interest and other income ($)	371,091	11,133,429	3,152,874	1,382,509	1,607,279	2,380,569
Income/(loss) ($)	(7,799,326)	7,033,676	64,243	(3,454,230)	(9,524,540)	172,305
Income/(loss) per share (cents)	(2,02)	1.91	0.02	(1.15)	(3.18)	0.06
Weighted average number of shares	385,821,271	368,611,409	356,663,367	300,119,234	299,309,234	299,307,604

10. CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This press release contains "forward-looking statements" which are subject to various risks and uncertainties that could cause actual results and future events to differ materially from those expressed or implied by such statements. Investors are cautioned that such statements are not guarantees of future performance and results. Risks and uncertainties about the company's business are more fully discussed in the company's disclosure documents filed from time to time with the Canadian and Australian securities authorities. Readers are cautioned not to rely solely on the summary of such information contained in this release, but should read MDL's financial statements for the nine months ended March 31, 2008 and year ended June 30, 2007, the final prospectus dated December 12, 2007 and related technical reports posted on the company's website (www.mineraldeposits.com.au) and filed on SEDAR (www.sedar.com) and any future amendments to such reports. Readers are also directed to the cautionary notices and disclaimers contained herein. All currency references in this release are to Australian dollars unless otherwise stated.

11. RISKS AND UNCERTAINTIES

The company expects that its financial performance will continue to be affected by exploration and development activities associated with attempting to bring its two mining projects, Sabodala and the GCZP, into commercial production. Until such time as commercial production is achieved, MDL will continue to incur administration costs and exploration development expenditures that are either deferred or expensed, depending on the nature of the expenditure. It is likely that prior to the commencement of commercial production, the company will have insufficient revenue to cover these costs which will result in continuing operating losses. MDL also expects that it is likely to incur some additional costs associated with the evaluation of potential exploration and mining operations in addition to the two projects that it is currently developing.

Should the development of Sabodala and GCZP continue, the financial performance of the company will be closely linked to the prices of gold in the case of the former and the latter as regards zircon, ilmenite and other associated heavy minerals. Commodity price fluctuations of these minerals will significantly affect the results of operations once mining commences and the ongoing economic viability of the two orebodies.

The company reports its financial results in Australian dollars. MDL's group costs, however, are in Australian dollars, Franc cFa, United States dollars and Euro. The Franc cFa is currently pegged to the Euro. If Sabodala and the GCZP reach commercial production, as expected by management, in late 2008 and mid 2009 respectively, future product sales will be in United States dollars. Fluctuations in these exchange rates or interest rates through the MDL group may therefore significantly affect the future financial results of the company.

As at the date of this report, the company has not hedged against changes in metal prices, foreign exchange or interest rates, though MDL will enter into hedge contracts in terms of the project debt facility documentation at some future date.

The continued exploration and development of the company's properties will require substantial additional financing. The capital required for the development of Sabodala and the GCZP is estimated to be a combined US$275-285 million which the company intends to finance through equity and/or debt financing. Failure to obtain sufficient financing in the future may result in the delay or indefinite postponement of one or both projects. There can be no assurance that bank financing or other types of financing will be available when needed or that, if available, the terms of such financing will be acceptable to MDL.