



**Mineral Deposits Limited**

ABN 19 064 377 420

**Consolidated Interim Financial Statements**  
for the half year ended 31 December 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 2008. 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 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**

ABN 19 064 377 420

AND CONTROLLED ENTITIES

**CONSOLIDATED INTERIM INCOME STATEMENT**

FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 2008 AND 2007

(UNAUDITED)

	Note	Three months ended 31 December		Six months ended 31 December	
		2008 \$	2007 \$	2008 \$	2007 \$
Other income	3	93,188,546	11,133,429	93,521,214	14,286,303
Administration expenses		(3,361,371)	(4,066,402)	(6,360,372)	(7,120,083)
Disposal of non-current assets		-	-	-	(13,050)
Loss on disposal on financial assets		(190,020)	-	(190,020)	-
Fair value loss on financial assets		(204,304)	-	(204,304)	-
Net foreign exchange losses		(7,334,902)	-	(13,492,511)	-
Gold hedge unrealised gain /(losses)		13,046,821	-	(22,018,811)	-
Oil hedge unrealised (losses)		(1,256,384)	-	(1,256,384)	-
<b>Profit before tax</b>		<b>93,888,386</b>	<b>7,067,027</b>	<b>49,998,812</b>	<b>7,153,170</b>
Income tax expense		-	(33,351)	(12,625)	(55,251)
<b>Profit for the period</b>		<b>93,888,386</b>	<b>7,033,676</b>	<b>49,986,187</b>	<b>7,097,919</b>
Attributable to:					
Equity holders of the parent		86,553,997	7,033,676	42,651,798	7,097,919
Minority interest		7,334,389	-	7,334,389	-
		<b>93,888,386</b>	<b>7,033,676</b>	<b>49,986,187</b>	<b>7,097,919</b>
<b>Earnings per share</b>					
Basic earnings per share (cents)		17.89	1.91	8.82	1.93
Diluted earnings per share (cents)		17.84	1.99	8.73	2.01

*Notes to the financial statements are included on pages 5 to 14.*

**MINERAL DEPOSITS LIMITED**

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**CONSOLIDATED INTERIM BALANCE SHEET**

AS AT 31 DECEMBER 2008 AND 30 JUNE 2008

(UNAUDITED)

	Note	31 Dec 2008 \$	30 June 2008 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		48,015,143	45,997,029
Other receivables		1,631,925	1,197,443
Other financial assets		299,156	922,300
Inventories		12,048,423	758,578
Other	4	1,229,144	649,691
<b>TOTAL CURRENT ASSETS</b>		<b>63,223,791</b>	<b>49,525,041</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	301,469,670	205,984,734
Exploration and evaluation expenditure	6	85,164,976	62,954,992
Mine development expenditure	7	192,348,853	99,507,644
Capitalised mining convention and concession costs		25,322,223	25,322,223
Other intangible assets		322,493	317,311
<b>TOTAL NON-CURRENT ASSETS</b>		<b>604,628,215</b>	<b>394,086,904</b>
<b>TOTAL ASSETS</b>		<b>667,852,006</b>	<b>443,611,945</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		22,770,586	42,751,767
Borrowings	8	81,143,897	32,693,220
Other financial liabilities	9	3,426,190	-
Current tax payable		1,406	33,351
Provisions		2,970,938	2,249,258
<b>TOTAL CURRENT LIABILITIES</b>		<b>110,313,017</b>	<b>77,727,596</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	8	31,308,387	-
Other financial liabilities	9	19,849,006	-
Other		22,093	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>51,179,486</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>161,492,503</b>	<b>77,727,596</b>
<b>NET ASSETS</b>		<b>506,359,503</b>	<b>365,884,349</b>
<b>EQUITY</b>			
Issued capital	10	420,858,320	420,664,054
Reserves		96,925,822	6,632,409
Accumulated losses		(18,765,458)	(61,417,256)
Equity attributable to equity holders of the parent		499,018,684	365,879,207
Minority interest		7,340,819	5,142
<b>TOTAL EQUITY</b>		<b>506,359,503</b>	<b>365,884,349</b>

*Notes to the financial statements are included on pages 5 to 14.*

**MINERAL DEPOSITS LIMITED**

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**CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**

FOR THE SIX MONTHS ENDED 31 DECEMBER 2008 AND 2007

(UNAUDITED)

	Issued Capital \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Investments Revaluation Reserve \$	Equity-Settled Share-Based Payments Reserve \$	Attributable to Equity Holders of the Parent \$	Minority Interest \$	Total \$
<b>Consolidated</b>								
<b>Balance at 1 July 2007</b>	234,115,062	(52,388,292)	14,705	-	1,605,795	183,347,270	-	183,347,270
Profit attributable to members of the consolidated entity	-	7,097,919	-	-	-	7,097,919	-	7,097,919
Reserves increment/(decrement)	-	-	279	-	-	279	-	279
Total recognised income and expenses	-	7,097,919	279	-	-	7,098,198	-	7,098,198
Issue of options to directors and employees	-	-	-	-	638,894	638,894	-	638,894
Shares issued during the period	150,170,000	-	-	-	-	150,170,000	-	150,170,000
Share issue costs	(8,483,947)	-	-	-	-	(8,483,947)	-	(8,483,947)
<b>Balance at 31 December 2007</b>	<b>375,801,115</b>	<b>(45,290,373)</b>	<b>14,984</b>	<b>-</b>	<b>2,244,689</b>	<b>332,770,415</b>	<b>-</b>	<b>332,770,415</b>
<b>Balance at 1 July 2008</b>	420,664,054	(61,417,256)	(2,055,661)	(68,280)	8,756,350	365,879,207	5,142	365,884,349
Profit attributable to members of the consolidated entity	-	42,651,798	-	-	-	42,651,798	-	42,651,798
Reserves increment/(decrement)	-	-	87,386,712	-	-	87,386,712	1,288	87,388,000
Total recognised income and expenses	-	42,651,798	87,386,712	-	-	130,038,510	1,288	130,039,798
Loss on available-for-sale investments	-	-	-	68,280	-	68,280	-	68,280
Issue of options to directors and employees	-	-	-	-	1,085,933	1,085,933	-	1,085,933
Issue of options to financiers	-	-	-	-	1,752,488	1,752,488	-	1,752,488
Profit attributable to minority interest	-	-	-	-	-	-	7,334,389	7,334,389
Shares issued during the period	250,000	-	-	-	-	250,000	-	250,000
Share issue costs	(55,734)	-	-	-	-	(55,734)	-	(55,734)
<b>Balance at 31 December 2008</b>	<b>420,858,320</b>	<b>(18,765,458)</b>	<b>85,331,051</b>	<b>-</b>	<b>11,594,771</b>	<b>499,018,684</b>	<b>7,340,819</b>	<b>506,359,503</b>

Notes to the financial statements are included on pages 5 to 14.

**MINERAL DEPOSITS LIMITED**

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**CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 2008 AND 2007  
(UNAUDITED)**

	Three months ended 31 December		Six months ended 31 December	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	11,402	1,602,096	275,284	1,900,415
Payments to suppliers and employees	(12,683,601)	(3,055,177)	(16,823,198)	(6,429,329)
Interest received	133,200	837,005	397,951	1,796,667
Receipt from close out of gold derivative	93,503,167	-	93,503,167	-
Net cash provided by (used in) operating activities	<u>80,964,168</u>	<u>(616,076)</u>	<u>77,353,204</u>	<u>(2,732,247)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for capitalised exploration and development expenditure	(18,552,765)	(62,268,561)	(48,057,035)	(114,550,135)
Payments for construction costs	(32,271,042)	-	(71,224,550)	-
Payments for property, plant and equipment	(2,900,770)	(10,857,087)	(11,244,988)	(12,019,379)
Payments for capitalised mining convention/concession costs	-	(4,519,791)	-	(4,519,791)
Payments for other intangible assets	(841)	(73,689)	(27,459)	(218,274)
Proceeds from sale of property, plant & equipment	13,367	543	14,367	42,543
Proceeds from sale of investment securities	297,100	-	297,100	-
Interest paid – capitalised borrowing costs	(1,908,745)	-	(2,291,481)	-
Net cash (used in) investing activities	<u>(55,323,696)</u>	<u>(77,718,585)</u>	<u>(132,534,046)</u>	<u>(131,265,036)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of equity securities	250,000	56,420,000	250,000	150,170,000
Payment for share issue costs	-	(3,338,798)	(653,628)	(7,763,947)
Proceeds from monies held in trust	865	1,635	2,481	3,221
Proceeds from borrowings	58,186,281	-	104,579,202	-
Repayment of borrowings	(41,913,519)	-	(41,913,519)	-
Payment for debt issue costs	(3,645,867)	-	(3,776,427)	-
Net cash provided by financing activities	<u>12,877,760</u>	<u>53,082,837</u>	<u>58,488,109</u>	<u>142,409,274</u>
<b>Net increase/(decrease) in cash and cash equivalents held</b>	<b>38,518,232</b>	<b>(25,251,824)</b>	<b>3,307,267</b>	<b>8,411,991</b>
Cash and cash equivalents at the beginning of the period	11,737,284	83,832,075	45,363,816	48,129,994
Effect of exchange rates on cash holdings in foreign currencies	(2,240,373)	9,973,096	(655,940)	12,011,362
<b>Cash and cash equivalents at the end of the period</b>	<b><u>48,015,143</u></b>	<b><u>68,553,347</u></b>	<b><u>48,015,143</u></b>	<b><u>68,553,347</u></b>

*Notes to the financial statements are included on pages 5 to 14.*

## MINERAL DEPOSITS LIMITED

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### CONDENSED NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 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 six months ended 31 December 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 2008 is available upon request from the company's registered office at Level 7, 530 Little Collins Street, Melbourne, Victoria 3000, Australia or at [www.mineraldeposits.com.au](http://www.mineraldeposits.com.au).

##### Statement of Compliance

The unaudited interim consolidated half year 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 IAS 34 'Interim Financial Reporting'. The half year 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 financial report. These unaudited interim consolidated half year 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 half year financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial assets. 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.

##### *Going concern*

The group has recorded a net profit of \$49,986,187 before minority interest for the period ended 31 December 2008 and net cash inflows from operating activities of \$77,353,204, commitments of \$36,876,080 and has cash reserves of \$48,015,143 at 31 December 2008. The group has a net current asset deficiency of \$47,089,226 at 31 December 2008.

Whilst there are uncertainties as to the exact timing and form of additional fund raising necessary to fund the current level of activities of the consolidated entity and company for at least the next 12 months, the directors have reasonable expectations that they can raise additional cash resources during the period for this purpose. These financial statements have therefore been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

To continue as a going concern, the company and the consolidated entity require:

- generation of sufficient funds from operating activities which includes commencement of gold production as planned in March 2009; and/or
- the continued support of its bankers, creditors and major shareholders.

The directors believe the going concern basis of preparation to be appropriate given the following reasons:

- sufficient net cash inflows will be generated through gold sales after the commissioning of the Sabodala Gold Project. Management's forecast sales from gold production and subsequent net cash inflows are estimated to be sufficient to meet operating costs and service the Macquarie Bank Limited project finance facility. US\$25 million of the US\$52 million Macquarie Bank Limited project finance facility was drawn as at 31 December 2008 of which US\$13.5 million must be repaid by 31 December 2009;

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### CONDENSED NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 2008 AND 2007 (UNAUDITED)

- the directors are confident that they can refinance the US\$35 million Revolving Working Capital Facility provided by RMB Australia Holdings Limited and Macquarie Bank Limited, due to be repaid by 31 March 2009, via arrangements with these lenders that will have a later repayment date; and
- alternatively the directors can raise capital through the issue of new shares on the ASX or TSX by March 2009.

Having carefully assessed the current uncertainties relating to the likelihood of securing additional funding and the consolidated entity's and company's ability to effectively manage their expenditures and cash flows from operations, the directors believe that the consolidated entity and company will continue to operate as going concerns for the foreseeable future and therefore it is appropriate to prepare the financial statements on a going concern basis.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2008 annual financial report for the financial year ended 30 June 2008.

#### Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2008.

#### Financial Risk Management

The groups financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2008.

**MINERAL DEPOSITS LIMITED**

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**CONDENSED NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 2008 AND 2007  
(UNAUDITED)**
**2. SEGMENT INFORMATION**

The activities of the company can be separated into mineral sands activities and gold activities. The mineral sands activities incorporate the closure of the Hawks Nest operations and ongoing rehabilitation works carried out by the company in that region and the exploration activities in Senegal in relation to the Grande Côte Zircon & Ilmenite Project. The gold activities incorporate the company's exploration and early development activities in Senegal in relation to the Sabodala Gold Project and regional exploration works in the Sabodala area.

	Mineral sands activities		Gold activities		Consolidated	
	Three months ended		Three months ended		Three months ended	
	31 December		31 December		31 December	
	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$
<b>Revenue:</b>						
External sales	-	-	-	-	-	-
Other revenue	10,003	522,534	93,122,505	6,639	93,132,508	529,173
Unallocated revenue					56,038	356,285
Total income from ordinary activities					93,188,546	885,458
<b>Results:</b>						
Segment result	(2,701,331)	2,329,573	106,633,086	5,176,739	103,931,755	7,506,312
Unallocated expenses net of unallocated revenue					(10,043,369)	(439,285)
Profit from ordinary activities before income tax expense					93,888,386	7,067,027
Income tax expense					-	(33,351)
Net profit					93,888,386	7,033,676
<b>Assets:</b>						
Segment assets	121,143,505	92,635,723	524,838,002	300,509,075	645,981,507	393,144,798
Unallocated assets					21,870,499	50,467,147
Total assets					667,852,006	443,611,945
<b>Liabilities:</b>						
Segment liabilities	25,103,442	1,935,665	84,715,466	36,730,122	109,818,908	38,665,787
Unallocated liabilities					51,673,595	39,061,809
Total liabilities					161,492,503	77,727,596

**MINERAL DEPOSITS LIMITED**

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**CONDENSED NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 2008 AND 2007  
(UNAUDITED)****3. RESULTS FOR THE PERIOD**

	Three months ended 31 December		Six months ended 31 December	
	2008 \$	2007 \$	2008 \$	2007 \$
The following items are relevant in explaining the financial result:				
Interest revenue - bank	110,855	841,432	370,581	1,805,248
Other revenue:				
- rental received	11,394	14,857	34,185	45,487
- other	29,770	29,169	79,921	44,495
Gain from sale of fixed assets	-	-	-	42,543
Foreign currency gains (unrealised)	-	10,247,971	-	12,348,530
Proceeds from closed hedge book:				
- gold flat forwards	20,759,393	-	20,759,393	-
- gold put options	72,277,134	-	72,277,134	-
	<u>93,188,546</u>	<u>11,133,429</u>	<u>93,521,214</u>	<u>14,286,303</u>
Charging as administration expenses:				
- depreciation of non-current assets	(96,251)	(285,746)	(168,660)	(561,639)
- amortisation of intangible assets	(11,955)	(16,602)	(22,329)	(30,483)
- net loss on disposal of property, plant and equipment	-	(13,050)	-	(13,050)
Employee benefits:				
- equity settled share based payments	(542,967)	(539,427)	(1,085,934)	(638,894)
- provision for leave entitlements	(293,265)	(37,285)	(407,971)	(318,544)
- post employment benefits – defined contributions plans	(99,963)	51,299	(372,824)	(292,244)

**4. OTHER**

	31 Dec 2008 \$	30 June 2008 \$
Current		
Prepayments	720,873	248,830
Security bond	239,036	400,861
Security deposits - creditors	269,235	-
	<u>1,229,144</u>	<u>649,691</u>

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**CONDENSED NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 2008 AND 2007  
(UNAUDITED)****5. PROPERTY, PLANT AND EQUIPMENT**

	31 Dec 2008	30 June 2008
	\$	\$
Carrying amounts of each class:		
Land, buildings and property improvement	1,033,917	937,147
Plant and equipment	8,697,030	34,661,714
Office furniture	490,721	375,759
Computer equipment	1,036,461	303,324
Other assets	20,330	17,650
Motor vehicles	2,244,634	2,001,589
Mine construction	255,681,533	164,946,827
Capital works in progress	4,297,608	1,348,463
Camp construction	1,671,807	1,392,261
Plant and equipment under lease	26,295,629	-
	<u>301,469,670</u>	<u>205,984,734</u>

**6. EXPLORATION AND EVALUATION EXPENDITURE**

	31 Dec 2008	30 June 2008
	\$	\$
Costs carried forward in respect of areas of interest at cost	62,954,992	109,245,974
Transferred to mine development expenditure	-	(66,199,833)
Transferred to construction	-	(105,047,428)
Expenditure incurred during the period	6,443,430	122,294,200
Net foreign currency exchange differences	15,766,554	2,662,079
	<u>85,164,976</u>	<u>62,954,992</u>

**7. MINE DEVELOPMENT EXPENDITURE**

	31 Dec 2008	30 June 2008
	\$	\$
Costs carried forward in respect of areas of interest at cost	99,507,644	-
Transferred from exploration and evaluation expenditure	-	66,199,833
Expenditure incurred during the period	67,920,347	31,750,960
Net foreign currency exchange differences	24,920,862	1,556,851
	<u>192,348,853</u>	<u>99,507,644</u>

**MINERAL DEPOSITS LIMITED**

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**CONDENSED NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 2008 AND 2007  
(UNAUDITED)****8. BORROWINGS**

	31 Dec 2008 \$	30 June 2008 \$
<b>(a) Current</b>		
<i>Unsecured – at amortised cost</i>		
Bank overdraft	-	633,212
<i>Secured – at amortised cost</i>		
Bank loans	68,934,062	32,060,008
Lease liability	12,209,835	-
	<u>81,143,897</u>	<u>32,693,220</u>
<b>(b) Non-Current</b>		
<i>Secured – at amortised cost</i>		
Bank loans	13,166,374	-
Lease liability	18,142,013	-
	<u>31,308,387</u>	<u>-</u>

**9. OTHER FINANCIAL LIABILITIES**

<b>(a) Current</b>		
Gold flat forwards (unrealised revaluation)	2,831,507	-
Oil hedge (unrealised revaluation)	594,683	-
	<u>3,426,190</u>	<u>-</u>
<b>(b) Non-Current</b>		
Gold flat forwards (unrealised revaluation)	19,187,305	-
Oil hedge (unrealised revaluation)	661,701	-
	<u>19,849,006</u>	<u>-</u>

**MINERAL DEPOSITS LIMITED**

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AND CONTROLLED ENTITIES

**CONDENSED NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 2008 AND 2007  
(UNAUDITED)****10. ISSUED CAPITAL**

	31 Dec 2008 No.	31 Dec 2008 \$	30 June 2008 No.	30 June 2008 \$
(a) Fully paid ordinary shares				
484,619,234 fully paid ordinary shares (30 June 2008 – 483,619,234)	<u>484,619,234</u>	<u>420,858,320</u>	<u>483,619,234</u>	<u>420,664,054</u>
At the beginning of the period	<u>483,619,234</u>	<u>420,664,054</u>	<u>300,119,234</u>	<u>234,115,062</u>
Shares issued during the period:				
- 11 July 2007	-	-	44,898,630	56,123,288
- 9 August 2007	-	-	30,101,370	37,626,713
- 20 December 2007	-	-	45,500,000	56,420,000
- 27 June 2008	-	-	63,000,000	48,510,000
- 4 December 2008 – options converted	1,000,000	250,000	-	-
Transaction costs relating to issue	-	(55,734)	-	(12,131,009)
Total for the period	<u>1,000,000</u>	<u>194,266</u>	<u>183,500,000</u>	<u>186,548,992</u>
At the end of the period	<u>484,619,234</u>	<u>420,858,320</u>	<u>483,619,234</u>	<u>420,664,054</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.

- On 4 December 2008, 1,000,000 ordinary shares were issued to a director following the exercise of share options at an exercise price of \$0.25 (MDLAI). These options were exercisable at any time up to 28 November 2008.

**MINERAL DEPOSITS LIMITED**

ABN 19 064 377 420

AND CONTROLLED ENTITIES

**CONDENSED NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 2008 AND 2007  
(UNAUDITED)****(b) Share Options**

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

ASX Code	Issue Date	Expiry Date	Exercise Price \$	No.
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
MDLAZ	10 April 2008	10 April 2011	1.40	10,000,000
MDLAS	1 May 2006	1 May 2011	2.00	1,000,000
MDLAU	19 July 2007	18 July 2012	1.60	2,450,000
MDLAW	29 November 2007	29 November 2012	1.60	6,500,000
MDLAY	5 December 2007	5 December 2012	1.60	1,000,000
MDLAA	1 July 2008	1 July 2011	1.40	10,000,000
				<u>37,235,000</u>

The following unlisted options were issued during the reporting period:

MDLAA	1 July 2008	1 July 2011	1.40	<u>10,000,000</u>
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- During the half-year, no share options were issued to directors, senior personnel or employees. However, the company's financiers, RMB Australia Holdings Limited and Macquarie Bank Limited were issued 5,000,000 options (MDLAA) respectively on 1 July, 2008 with an expiry date of 1 July, 2011 and an exercise price of \$1.40.
- A further 9,000,000 options (MDLAI) were granted since the period ended 31 December 2008, on 2 January 2009 to RMB Australia Holdings Limited and Macquarie Bank Limited, split 50/50 expiring on 1 January 2012 at an exercise price of \$0.69c. These options were issued pursuant to the terms of the Revolving Working Capital Facility between the company and its financiers.

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

**11. DIVIDENDS**

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

## MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

AND CONTROLLED ENTITIES

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### CONDENSED NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 2008 AND 2007 (UNAUDITED)

#### 12. COMMITMENT TO EXPENDITURE

##### (a) Capital Expenditure Commitments

*Contracted, but not provided for and payable within one year*

The group is still undergoing construction of Grande Côte Zircon & Ilmenite Project and Sabodala Gold Project in the Republic of Senegal. Capital expenditure commitments outstanding at 31 December 2008 comprised:

	31 Dec 2008	30 June 2008
	\$	\$
Grande Côte Zircon & Ilmenite Project	1,322,870	1,229,262
Sabodala Gold Project	<u>35,553,210</u>	<u>29,560,779</u>
	<u>36,876,080</u>	<u>30,790,041</u>

##### (b) Exploration Commitments

The company has minimum exploration commitments of US\$1.5 million payable within one year in respect of its Sabodala regional exploration programmes.

#### 13. SUBSEQUENT EVENTS

##### *Sabodala Project Update*

The construction of the new two million tonne per annum carbon-in-leach (CIL) treatment plant at Sabodala is complete. The primary crushing circuit commenced crushing of ore on 27 January 2009 as the first stage of production ramp-up.

In addition to the above, water systems are 80% commissioned through the plant and the low pressure air system complete. The SAG and ball mill interlock testing is 100% complete. All nine CIL tank agitators have been run successfully and CIL tanks are being hydraulically tested prior to leach commissioning.

Construction of the Wartsila 30MW heavy fuel oil power station was completed. The power station is providing commissioning power. Within the 30MW power station, there are five engines of which each unit has an operational rating of up to 6MW. To date, four of the units have been commissioned. The final unit is likely to be available in February 2009.

Commissioning of plant equipment is well advanced and on schedule for the first gold pour planned for March 2009.

##### *Corporate*

On 2 January 2009, the company issued 9,000,000 additional options at an exercise price of \$0.69 (being the lesser of \$1.40 per option or the price which is the 20 day VWAP for the period ended 31 December 2008 plus 15% on a pro rata basis) as a result of the Revolving Working Capital Facility remaining drawn post 31 December 2008, which has now been extended to 31 March 2009.

The facility is secured by a fixed and floating charge over all of the company's assets and a mortgage over MDL's shares in its wholly-owned subsidiary MDL (Mining) Limited.

## MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

AND CONTROLLED ENTITIES

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### CONDENSED NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 2008 AND 2007 (UNAUDITED)

#### 14. 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 31 December 2008, 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:
- approximately US\$4.2 million to the Government of the Republic of Senegal ("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 once-off bonus payment to the GRS for capped mineable reserves exceeding 556,000 ounces for a total of US\$6.52 million. Payment of this amount is conditional on confirmation by an independent consultant of the additional reserve estimate reported by the company on 18 November 2008. A decision to commission preparation of the requisite technical report has recently been taken by the board of directors.
  - US\$425,000 per annum on social development of local authorities in the surrounding Tambacounda region during the term of the Mining Convention;
  - US\$30,000 per year for logistical support of the territorial administration of the region from date of notification of the Mining Concession; and
  - US\$200,000 per year of production on training of Directorate of Mines and Geology ("DMG") officers.
- (e) The company faces potential liabilities in respect of the Grande Côte project. The company has agreed that the following amounts will be payable if the project proceeds to production:
- A\$500,000 within 30 days of completion of a bankable feasibility study for the project and on securing all the necessary funding either by debt or equity from an internationally recognised banking or financial institution to develop the project;
  - A\$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 sale of product from the project;
  - US\$150,000 per annum on social development of local communities in the Grande Côte and surrounding region during the term of the Mining Concession; and
  - US\$50,000 per year of production on training of DMG officers and logistical support to the technical services of the Ministry for Mines.
- (f) The company entered into a deed of cross guarantee with its wholly-owned subsidiaries MDL (Mining) Limited and MDL Gold Limited.
- (g) The company confirmed directly or via its holding subsidiaries that it will continue to provide financial support to the subsidiaries to enable them to meet their obligations as they fall due for a period of not less than 12 months.

The directors are not aware of any other contingent liabilities at 31 December 2008.

## MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

AND SUBSIDIARIES

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### CORPORATE DIRECTORY

#### DIRECTORS

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

#### COMPANY SECRETARY

Melvyn J Drummond

#### REGISTERED OFFICE

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Melbourne, Victoria 3000  
Australia

#### AUDITOR

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180 Lonsdale Street  
Melbourne, Victoria 3000  
Australia

#### SHARE REGISTRIES

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Abbotsford, Victoria 3067  
Australia

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Facsimile: +61 3 9473 2500

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100 University Avenue, 9th Floor  
Toronto, Ontario M5J 2Y1  
Canada

Telephone: 1 800 564 6253  
Facsimile: +1 416 981 9800

#### BANKERS

Westpac Banking Corporation  
360 Collins Street  
Melbourne, Victoria 3000  
Australia

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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

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Melbourne, Victoria 3000  
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Toronto Stock Exchange  
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130 King Street West  
Toronto, Ontario M5X 1J2  
Canada

Trading Code: MDM