



Mineral Deposits Limited

ABN 19 064 377 420

Consolidated Interim Financial Statements
for the three months ended 30 September 2009

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 2009. 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 30 September 2009, 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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**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2009 AND 2008
(UNAUDITED)**

	Note	Three months ended 30 September	
		2009 \$'000	2008 \$'000
Revenue	3	61,693	-
Cost of sales	4	(41,503)	-
Gross profit		<u>20,190</u>	<u>-</u>
Other income	3	189	333
Administration expenses	4	(3,848)	(2,999)
Finance cost expense		(1,783)	-
Net foreign exchange gain		2,493	(6,157)
Gold hedge losses (unrealised)		(13,555)	(35,066)
Oil hedge loss (unrealised)		(1,794)	-
Profit/(loss) before tax		<u>1,892</u>	<u>(43,889)</u>
Income tax expense		(1,723)	(13)
Profit/(loss) for the period		<u>169</u>	<u>(43,902)</u>
Other comprehensive income			
Exchange differences arising on translation of foreign operations		5,420	-
Exchange difference on inter-company loans		(25,362)	21,571
Loss on available for sale investment		-	(68)
Other comprehensive loss for the period (net of tax)		<u>(19,942)</u>	<u>21,503</u>
Total comprehensive loss for the period		<u>(19,773)</u>	<u>(22,399)</u>
Profit attributable to:			
Owners of the parent		(112)	(43,902)
Non-controlling interest		<u>281</u>	<u>-</u>
Profit/(loss) for the period		<u>169</u>	<u>(43,902)</u>
Total comprehensive income attributable to:			
Owners of the parent		(20,054)	(22,399)
Non-controlling interest		<u>281</u>	<u>-</u>
		<u>(19,773)</u>	<u>(22,399)</u>
Earnings per share			
Basic earnings/(loss) per share (cents)		(0.02)	(9.078)
Diluted earnings/(loss) per share (cents)		(0.02)	(9.078)

Notes to the condensed consolidated interim financial statements are included on pages 5 to 15.

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2009 AND 30 JUNE 2009

(UNAUDITED)

	Note	30 Sept 2009 \$'000	30 June 2009 \$'000
CURRENT ASSETS			
Cash and cash equivalents		29,593	22,585
Other receivables		2,745	1,066
Financial derivative assets	5	65	471
Inventories	6	52,049	54,204
Other		3,030	3,634
TOTAL CURRENT ASSETS		87,482	81,960
NON-CURRENT ASSETS			
Financial derivative assets	5	1,234	2,637
Property, plant and equipment	7	276,751	296,840
Exploration and evaluation expenditure	8	57,544	59,690
Mine development expenditure	9	123,779	133,146
Capitalised mining convention and concession costs		24,784	24,834
Deferred tax assets		7,855	9,356
Other intangible assets		207	268
TOTAL NON-CURRENT ASSETS		492,154	526,771
TOTAL ASSETS		579,636	608,731
CURRENT LIABILITIES			
Trade and other payables	10	29,935	34,660
Financial derivative liabilities	11	18,028	13,168
Borrowings	12	42,585	55,521
Current tax liabilities		1,343	1,121
Provisions		3,464	3,044
TOTAL CURRENT LIABILITIES		95,355	107,514
NON-CURRENT LIABILITIES			
Trade and other payables	10	3,234	3,390
Financial derivative liabilities	11	45,990	40,052
Borrowings	12	7,137	10,370
Deferred tax liabilities		287	287
Provisions		240	175
TOTAL NON-CURRENT LIABILITIES		56,888	54,274
TOTAL LIABILITIES		152,243	161,788
NET ASSETS		427,393	446,943
EQUITY			
Issued capital		471,831	471,843
Reserves		19,335	39,042
Accumulated losses		(66,816)	(66,704)
Equity attributable to owners of the parent		424,350	444,181
Non-controlling interest		3,043	2,762
TOTAL EQUITY		427,393	446,943

Notes to the condensed consolidated interim financial statements are included on pages 5 to 15.

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**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2009 AND 2008
(UNAUDITED)**

	Issued capital	Accumulated losses	Foreign currency translation reserve	Investments revaluation reserve	Equity-settled share-based payments reserve	Attributable to owners of the parent	Non-controlling interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2008	420,664	(61,417)	(2,056)	(68)	8,756	365,879	5	365,884
Loss for the period	-	(43,902)	-	-	-	(43,902)	-	(43,902)
Exchange difference on inter-company loans	-	-	21,571	-	-	21,571	-	21,571
Loss on available for sale investment	-	-	-	(68)	-	(68)	-	(68)
Total recognised income and expenses	-	(43,902)	21,571	(68)	-	(22,399)	-	(22,399)
Share issued costs	(54)	-	-	-	-	(54)	-	(54)
Issue of options to directors and employees	-	-	-	-	543	543	-	543
Issue of non-controllable interest	-	-	-	-	-	-	-	-
Balance at 30 September 2008	420,610	(105,319)	19,515	(136)	9,299	343,969	5	343,974
Balance at 1 July 2009	471,843	(66,704)	26,624	-	12,418	444,181	2,762	446,943
Profit attributable to members of the consolidated entity	-	(112)	-	-	-	(112)	281	169
Exchange differences arising on translation of foreign operations	-	-	5,420	-	-	5,420	-	5,420
Exchange difference on inter-company loans	-	-	(25,362)	-	-	(25,362)	-	(25,362)
Total comprehensive income for the period	-	(112)	(19,942)	-	-	(20,054)	281	(19,773)
Issue of options to directors and employees	-	-	-	-	235	235	-	235
Shares issued during the year	-	-	-	-	-	-	-	-
Share issue costs	(12)	-	-	-	-	(12)	-	(12)
Balance at 30 September 2009	471,831	(66,816)	6,682	-	12,653	425,850	3,043	427,393

Notes to the condensed consolidated interim financial statements are included on pages 5 to 15.

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**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2009 AND 2008
(UNAUDITED)**

	Three months ended 30 September	
	2009 \$'000	2008 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	61,876	264
Payments to suppliers and employees	(33,179)	(4,140)
Interest and other costs of finance paid	(1,049)	-
	<hr/>	<hr/>
Net cash provided by (used in)/operating activities	25,648	(3,876)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capitalised exploration and development expenditure	(1,918)	(29,504)
Payments for property, plant and equipment	(3,919)	(47,298)
Payments for other intangible assets	(1)	(27)
Proceeds from sale of property, plant & equipment	1	1
Interest received	75	265
Interest paid – capitalised borrowing costs	-	(383)
	<hr/>	<hr/>
Net cash used in investing activities	(5,762)	(76,946)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment for share issue costs	(12)	(654)
Proceeds from monies held in trust	-	2
Payment of monies held in trust	(130)	-
Proceeds from borrowings	-	46,394
Repayment of borrowings	(11,850)	-
Payment for debt issue costs	-	(131)
	<hr/>	<hr/>
Net cash (used in)/provided by financing activities	(11,992)	45,611
Net increase/(decrease) in cash and cash equivalents held	7,894	(35,211)
Cash and cash equivalents at the beginning of the period	22,585	45,364
Effect of exchange rate changes on the balance of cash held in foreign currencies	(886)	1,584
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	29,593	11,737

Notes to the condensed consolidated interim financial statements are included on pages 5 to 15.

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CONDENSED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2009 AND 2008 (UNAUDITED)

1. GENERAL INFORMATION

Mineral Deposits Limited (the "company") is a company domiciled in Australia. The consolidated interim financial statements of the company as at and for the three months ended 30 September 2009 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 2009 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 or www.sedar.com.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The unaudited condensed interim consolidated financial statements are a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 '*Interim Financial Reporting*'. Compliance with AASB 134 ensures compliance with the International Financial Reporting Standards IAS 34 '*Interim Financial Reporting*'. The condensed interim 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.

Basis of Preparation

The condensed 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 company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the condensed interim financial report are rounded off to the nearest thousand dollars, unless otherwise stated.

The accounting policies and methods of computation adopted in the preparation of the condensed interim financial report are consistent with those adopted and disclosed in the company's Annual Report for the financial year ended 30 June 2009.

In the current year, the group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Boards (the AASB) that are relevant to its operations and effective for the current annual reporting period.

In addition to the above, the adoption of these new and revised Standards and Interpretations has resulted in changes to the company's presentation of, or disclosure in, its interim financial statements in the following areas:

- Presentation of the financial statements – as a consequence of the adoption of AASB 101 *Presentation of Financial statements* (2007) and its associated amending standards, the company no longer presents an income statement and balance sheet but presents in lieu thereof a statement of comprehensive income and a statement of financial position.
- Information about the company's segments – the adoption of AASB 8 *Operating Segments* and AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 8* has resulted in both a redesignation of the company's reportable segments and amended segment disclosures.

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**CONDENSED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2009 AND 2008
(UNAUDITED)****3. SEGMENT INFORMATION**

The company has adopted AASB8 Operating Segments and AASB-3 Amendments to Australian Accounting Standards arising from AASB 8 with effect from 1 January 2009. AASB requires operating segments to be identified on the basis of internal reports about components of the company that are regularly reviewed by management. In contrast, the predecessor Standard (AASB 114 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risk rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for identification of such segments. As a result, following the adoption of AASB8, the identification of the company's reportable segments has changed.

The company's reportable segments under AASB8 can be separated into gold and mineral sands activities as follows:

- gold activities incorporate the company's production activities and exploration activities in Senegal in relation to the Sabodala Gold Project and regional gold exploration in the Sabodala area; and
- mineral sands activities incorporate exploration and development activities in Senegal in relation to the Grande Côte Zircon Project.

'Other' is the aggregation of the company's other operating segments that are not separately reportable and is predominately corporate head office.

Information regarding these segments is presented below. Amounts reported for the prior period have been restated to conform to AASB8. The accounting policies of the new reportable segments are the same as the company's accounting policies.

The following is an analysis of the group's revenue and results by reportable operating segment for the periods under review:

	Revenue		Segment Profit	
	Three months ended		Three months ended	
	30 September		30 September	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Continuing operations				
Gold division - operations	61,715	4	4,236	(35,355)
Mineral sands division	-	-	(92)	(602)
Other	167	329	(2,252)	(7,932)
Profit / (loss) before tax	61,882	333	1,892	(43,889)
Income tax expense	-	-	(1,723)	(13)
Consolidated segment revenue and profit for the period	61,882	333	169	(43,902)

The following is an analysis of the group's assets by reportable operating segment:

	Period ended		Period ended	
	30 Sept 2009	30 June 2009	30 Sept 2008	30 June 2008
	\$'000	\$'000	\$'000	\$'000
Continuing operations				
Gold division	475,625	494,651	403,405	300,509
Mineral sands division	88,050	91,395	104,140	92,636
Total segment assets	563,675	586,046	507,545	393,145
Unallocated assets	15,961	22,685	7,968	50,467
Total assets	579,636	608,731	515,513	443,612

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**CONDENSED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2009 AND 2008
(UNAUDITED)****4. REVENUE**

Three months ended 30 September	
2009 \$'000	2008 \$'000

The following items are relevant in explaining the financial result:

Gold sales at spot price	66,701	-
Realised loss on gold forward contracts	(5,008)	-
	<u>61,693</u>	<u>-</u>
Interest revenue - bank	119	260
Other revenue:		
- rental income received	22	23
- other	48	50
	<u>189</u>	<u>333</u>

5. PROFIT/(LOSS) FOR THE PERIOD

Three months ended 30 September	
2009 \$'000	2008 \$'000

Charging as expenses:

Profit/(loss) for the period has been arrived at after (crediting)/charging the following:

Cost of sales:		
- mine production costs	25,744	-
- depreciation and amortisation	11,492	-
- royalty expense	1,993	-
- inventory movements	2,274	-
Total cost of sales	<u>41,503</u>	<u>-</u>
Depreciation of non-current assets:		
- land and buildings	-	25
- plant and equipment	1	11
- office equipment	144	24
- motor vehicles	117	12
	<u>262</u>	<u>72</u>
Amortisation of intangible assets:		
- computer software	<u>8</u>	<u>10</u>
Employee benefits:		
- equity settled share based payments	235	543
- remuneration expenses	1,466	1,832
- post employment benefits – defined contributions	147	276
- provision for leave entitlements	234	115
	<u>2,082</u>	<u>2,766</u>
Administration and other overheads	<u>1,496</u>	<u>151</u>
Total administration expenses	<u>3,848</u>	<u>2,999</u>

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**CONDENSED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2009 AND 2008
(UNAUDITED)**

6. FINANCIAL DERIVATIVE ASSETS

	30 Sept 2009 \$'000	30 June 2009 \$'000
(a) Current		
Oil energy swap– unrealised revaluation	65	471
(b) Non-current		
Oil energy swap – unrealised revaluation	1,234	2,637

7. INVENTORIES

	30 Sept 2009 \$'000	30 June 2009 \$'000
Ore stockpiles	23,781	25,322
Gold in circuit	1,062	1,127
Gold bullion	4,584	6,406
Diesel fuel	2,648	2,824
Materials and supplies	18,812	16,797
Goods in transit	1,162	1,728
	<u>52,049</u>	<u>54,204</u>

8. PROPERTY, PLANT AND EQUIPMENT

	30 Sept 2009 \$'000	30 June 2009 \$'000
Carrying amounts of each class:		
Land, buildings and property improvement	32,667	35,027
Plant and equipment	220,819	236,346
Office equipment	894	1,005
Motor vehicles	1,710	1,923
Plant and equipment under lease	20,661	22,539
	<u>276,751</u>	<u>296,840</u>

9. EXPLORATION AND EVALUATION EXPENDITURE

	Three months to 30 Sept 2009 \$'000	12 months to 30 June 2009 \$'000	Three months to 30 Sept 2008 \$'000
Costs carried forward in respect of areas of interest at cost	59,660	62,955	62,955
Expenditure incurred during the period	2,002	6,707	2,083
Expenditure written off during period	-	(16,921)	-
Net foreign currency exchange differences	(4,148)	6,949	4,161
	<u>57,544</u>	<u>59,690</u>	<u>69,199</u>

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**CONDENSED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2009 AND 2008
(UNAUDITED)**
10. MINE DEVELOPMENT EXPENDITURE

	Three months to 30 Sept 2009 \$'000	12 months to 30 June 2009 \$'000	Three months to 30 Sept 2008 \$'000
Costs carried forward in respect of areas of interest at cost	133,146	99,508	99,508
Expenditure incurred during the period		33,398	21,293
Expenditure written off during period	-	(7,355)	-
Amortisation of mine development	(5,355)	(3,389)	-
Net foreign currency exchange differences	(4,012)	10,984	6,578
	<u>123,779</u>	<u>133,146</u>	<u>127,379</u>

11. TRADE AND OTHER PAYABLES

	30 Sept 2009 \$'000	30 June 2009 \$'000
(a) Current		
Unsecured liabilities:		
Trade payables	4,606	2,111
Sundry creditors and accrued expenses	13,037	21,365
Government royalties (i)	3,775	1,927
Amounts payable to Government of Senegal (ii)	8,517	9,083
Amounts payable held in trust	-	174
	<u>29,935</u>	<u>34,660</u>
(b) Non-current		
Unsecured liabilities:		
Amounts payable to Government of Senegal (ii)	<u>3,234</u>	<u>3,390</u>

(i) Government royalties payable annually based on the mine head value of the gold and related substances produced.

(ii) The following amounts are payable to the Government of the Republic of Senegal:

- \$5,365,000 (US\$4,100,000) 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; and
- US\$6.50 per ounce once-off bonus payments for a capped mineable reserve exceeding 556,000 ounces for a total of US\$5,500,000. Repayments of five equal monthly instalments commence on 30 September 2009.

12. FINANCIAL DERIVATIVE LIABILITIES

	30 Sept 2009 \$'000	30 June 2009 \$'000
(a) Current		
Gold flat forwards – unrealised revaluation	<u>18,028</u>	<u>13,168</u>
(b) Non-current		
Gold flat forwards – unrealised revaluation	<u>45,990</u>	<u>40,052</u>

A condition of the Macquarie Bank Limited ("MBL") Project Finance Facility was the establishment of a gold hedging programme.

As at 30 September 2009, the outstanding hedge position was 328,500 ounces (30 June 2009 - 363,832 ounces) of flat forward sales at US\$846 per ounce. At 30 September 2009, the mark to market gold hedge position (gold price at US\$996.90) was negative \$64 million (30 June 2009 - \$53.2 million).

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**CONDENSED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2009 AND 2008
(UNAUDITED)****13. BORROWINGS**

	30 Sept 2009 \$'000	30 June 2009 \$'000
(a) Current		
Secured – at amortised cost:		
- project finance facility (i)	34,378	47,504
- borrowing costs	(1,259)	(2,179)
- finance lease liabilities (ii)	9,661	10,478
- borrowing costs	(195)	(282)
	<u>42,585</u>	<u>55,521</u>
(b) Non-current		
Secured – at amortised cost:		
- finance lease liabilities (ii)	7,246	10,479
- borrowing costs	(109)	(109)
	<u>7,137</u>	<u>10,370</u>

- (i) The debt outstanding under the Project Finance Facility was US\$30 million as at 30 September 2009 (30 June 2009 - US\$38 million). This facility was provided to, and the funds drawn down by, MDL's 90%-owned subsidiary Sabodala Gold Operations SA ("SGO").

As at 30 September 2009, certain undertakings relating to this facility had not been complied with. Fulfilling these undertakings had been previously waived by MBL. As at 30 September 2009, SGO was awaiting formal written approval to draw water from the Faleme River and a Presidential Decree concerning land formerly held by AXMIN Limited and Oromin Explorations Limited, now incorporated in SGO's mining perimeter. Both of these are considered a formality and will be completed in due course.

A revised waiver letter with MBL has been agreed until 31 December 2009. In addition, a revised repayment schedule has been agreed with MBL which involves full repayment of the outstanding debt by 30 June 2010.

The facility is secured by a fixed and floating charge over substantially all of SGO's assets. SGO continues to have the support of MBL.

- (ii) On 30 September 2009, MDL's subsidiary SGML (Capital) Limited's sale and leaseback agreement with Societe Generale Australia over its mining fleet was US\$14.8 million (30 June 2009 - US\$16.9 million). The lease contract expires 30 June 2011 with principal and interest payments due quarterly in arrears. Interest is calculated using LIBOR plus a margin. The lease is secured by the assets financed.

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**CONDENSED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2009 AND 2008
(UNAUDITED)**
14. ISSUED CAPITAL

	30 Sept 2009 No.	30 Sep2009 \$'000	30 June 2009 No.	30 June 2009 \$'000
(a) Fully paid ordinary shares				
Paid up capital				
563,375,950 (2009 – 563,375,950) fully paid ordinary shares	563,375,950	471,831	563,375,950	471,843
At the beginning of the financial year	563,375,950	471,843	483,619,234	420,664
Shares issued during the year:				
- 8 December 2008	-	-	1,000,000	250
- 30 March 2009	-	-	63,600,000	39,432
- 13 May 2009	-	-	35,000	15
- 18 May 2009	-	-	15,121,716	9,376
Share issue costs	-	(12)	-	(2,383)
Related income tax	-	-	-	4,489
Total for the financial year	-	(12)	79,756,716	51,179
At the end of the financial year	563,375,950	471,831	563,375,950	471,843

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.

(b) Share Options

As at 30 September 2009, 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	250,000
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	250,000
MDLAU	19 July 2007	18 July 2012	1.60	1,850,000
MDLAW	29 November 2007	29 November 2012	1.60	6,500,000
MDLAY	5 December 2007	5 December 2012	1.60	1,000,000
MDLAZ	10 April 2008	10 April 2011	1.40	10,000,000
MDLAA	1 July 2008	1 July 2011	1.40	10,000,000
MDLAI	02 January 2009	1 January 2014	0.69	9,000,000
MDLAB	30 June 2009	30 June 2014	0.75	750,000
				<u>45,600,000</u>

No share options were issued to directors, senior personnel or employees during the period.

The following unlisted options were forfeited during the reporting period due to employee terminations:

MDLAS	1 May 2006	1 May 2011	2.00	500,000
MDLAU	19 July 2007	18 July 2012	1.60	250,000
				<u>750,000</u>

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**CONDENSED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2009 AND 2008
(UNAUDITED)****15. DIVIDENDS**

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

16. COMMITMENT TO EXPENDITURE**(a) Capital Expenditure Commitments**

Capital expenditure commitments outstanding at 30 September 2009 comprised:

	30 Sept 2009 \$'000	30 June 2009 \$'000
Grande Côte Zircon Project	1,471	2,474
Sabodala Gold Project	438	1,595
	<u>1,909</u>	<u>4,069</u>

Not longer than one year

(b) Exploration Commitments

The company has minimum exploration commitments of US\$8.1 million over the next three years in respect of the Sabodala regional explorations programme.

(c) Sabodala Operating Commitments

The company faces commitments in respect of Sabodala. The company has agreed that the following amounts will be payable within one year:

- 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.

17. SUBSEQUENT EVENTS

- On 2 October 2009, the company announced it had commenced its regional exploration programme across a 1,600 square kilometre regional land package with a \$10 million first year budget.
- On 15 October 2009, 100,000 ordinary shares were issued following the exercise of share options (MDLAM) at an exercise price of \$0.45.
- On 21 October 2009, 4,500,000 ordinary shares were issued to RMB Australia Holdings Limited (MDLAI) at an exercise price of \$0.69.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the reporting period that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

MINERAL DEPOSITS LIMITED

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18. CONTINGENT LIABILITIES

- (a) The company faces potential contingent liabilities in relation to its rehabilitation obligations on its New South Wales ("NSW") exploration and mining tenements. The nature of these rehabilitation obligations includes 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.
- (b) There are no outstanding native title claims against the company which could or would have a financial impact.
- (c) The company faces potential liabilities in respect of the Grande Côte Zircon Project. The company has agreed that the following amounts will be payable if the project proceeds to production:
- \$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;
 - \$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\$500,000 per year of production on training of DMG officers and logistical support to the technical services of the Ministry for Mines.
- (d) The company has a deed of cross guarantee with its wholly-owned subsidiaries MDL (Mining) Limited and MDL Gold Limited.
- (e) The company confirmed directly or via its holding subsidiaries that it will continue to provide financial support to its subsidiaries to enable them to meet their obligations as they fall due for a period of not less than 12 months.
- (f) The company's wholly owned subsidiary MDL (Mining) Limited previously entered into an agreement with a financier in relation to the arrangement of debt financing facilities for the Grande Cote Zircon Project. This agreement expires on 31 December 2009. If this agreement is not continued, and subject to the financier being compliant with its obligations, the company will be liable for a break fee totalling US\$1.0 million.

The directors are not aware of any other contingent liabilities at 30 September 2009.

19. ACQUISITIONS AND DISPOSALS

There were no subsidiaries acquired or disposed of during the period ended 30 September 2009.

MINERAL DEPOSITS LIMITED

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**CONDENSED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2009 AND 2008
(UNAUDITED)****20. RELATED PARTY TRANSACTIONS****(a) Transactions with other related parties****Transactions between MDL and its related parties:**

During the period, the following transactions occurred between the company and its related parties:

Amounts advanced (repaid) during the period:

	30 Sept 2009 \$	30 June 2009 \$
Advanced during the period		
MDL Gold Limited	2,117,573	17,835,531
MDL (Mining) Limited	752,547	11,340,757
HNFL (Holdings) Pty Ltd	-	2,405
SGML (Capital) Limited	-	(1,868,746)
Mineral Deposits (Operations) Pty Ltd	-	(30,346)
	<u>2,870,120</u>	<u>27,279,601</u>
Balances at 30 September 2009		
MDL Gold Limited	292,511,982	291,759,435
MDL (Mining) Limited	107,799,687	105,682,114
HNFL (Holdings) Pty Ltd	2,405	2,405
MDML (Capital) Limited	2,480,063	2,480,063
Mineral Deposits (Operations) Pty Ltd	(30,346)	(30,346)
	<u>402,763,791</u>	<u>399,893,671</u>

Transactions between the group and its related parties:

During the period, the following transaction occurred between the group and its related parties:

- Technical assistance was provided by the company's subsidiary Mineral Deposits Mauritius Limited to its related party Grande Cote Operations SA. The company charged \$211,886 (2008 – \$225,414) in relation to the provision of these services in accordance with the Technical Fee Agreement.
- Technical assistance was provided by the company's subsidiary Sabodala Gold (Mauritius) Limited to its related party Sabodala Gold Operations SA. The company charged \$2,441,136 (2008 – \$2,790,698) in relation to the provision of these services in accordance with the Technical Fee Agreement.
- Rental hire of heavy mobile equipment was provided by the company's subsidiary MDML (Capital) Limited to its related party Grande Cote Operations SA. The company charged nil (2008 – \$172,657) in relation to the provision of these services.
- Rental hire of heavy mobile equipment was provided by the company's subsidiary MDML (Capital) Limited to its related party Sabodala Gold Operations SA. The company charged \$129,166 (2008 – nil) in relation to the provision of these services.
- Sub-rent and rental hire of heavy mobile equipment was provided by the company's subsidiary SGML (Capital) Limited to its related party Sabodala Gold Operations SA. The company charged \$2,960,769 (2008 – \$410,645) in relation to the provision of these services.
- Interest was charged by the company's subsidiary Mineral Deposits Mauritius Limited to its wholly owned subsidiary Grande Cote Operations SA. The company charged \$2,420,463 (2008 – \$4,621,705) in accordance with the Shareholder Agreement.
- Interest was charged by the company's subsidiary Sabodala (Gold) Mauritius Limited to its wholly-owned subsidiary Sabodala Gold Operations SA. The company charged \$5,596,373 (2008 – \$12,335,050) in accordance with the Shareholder Agreement.

Transactions and balances between the group and its related parties were eliminated in the preparation of the consolidated financial statements of the group.

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**CONDENSED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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(b) Transactions with director related entities during the period

- Office accommodation/facilities were provided by the consolidated entity at commercial rates to a related party, Cockatoo Ridge Wines Limited, of which Mr Melvyn Drummond continues as an executive director. The company charged \$1,200 (2008 – \$3,300) (excluding GST) in relation to the provision of these services to 30 September 2009.
- Office accommodation/facilities and administrative support were provided by the consolidated entity at commercial rates to Gippsland Offshore Petroleum Limited of which Mr Nicholas Limb continues as a non-executive director. The company charged \$27,790 (2008 – \$24,000) (excluding GST) in relation to the provision of these services to 30 September 2009.
- Technical assistance, office accommodation/facilities and administrative support were provided by the consolidated entity at commercial rates to Stellar Resources Limited of which Dr David Isles and Mr Melvyn Drummond continue as director and company secretary respectively. The company charged \$13,852 (2008 – \$39,423) (excluding GST) in relation to the provision of these services to 30 September 2009.

MINERAL DEPOSITS LIMITED

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CORPORATE DIRECTORY

DIRECTORS

Nicholas Limb (executive chairman)
Jeffrey Williams (managing)
Martin Ackland (executive)
Clever Fonseca (executive)
David Isles (non-executive)
Robert Danchin (non-executive)
Oliver Lennox-King (non-executive)
James (Murray) Grant (non-executive) (appointed 21 May 2009)

COMPANY SECRETARY

Melvyn Drummond

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Canada

Trading Code: MDM