Mineral Deposits Limited

ABN 19 064 377 420

Financial Report
for the half-year ended 31 December 2009

Expressed in ***United States dollars*** *unless otherwise stated*

090141MDL

CONTENTS

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 six month period ended 31 December 2009, in accordance with the continuous disclosure requirements of the Corporations Act 2001, including its quarterly reports lodged with the Australian Securities Exchange and Toronto Stock Exchange.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain information included in this report, including any information as to the company's future financial or operating performance and other statements that express management's expectations or estimates of future performance, constitute "forward-looking statements". The words "expect", "will", "intend", "estimate" and similar expressions identify forward looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The company cautions the reader that such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of MDL to be materially different from the company's estimated future results, performance or achievements expressed or implied by those forward-looking statements and the forward-looking statements are not guarantees of future performance. These risks, uncertainties and other factors include, but are not limited to: fluctuations in metal prices (principally the price of gold, zircon and ilmenite), capital and operating cost estimates, borrowing risks, production estimates, need for additional financing, uncertainty in the estimation of mineral reserves and mineral resources, the inherent danger of mining, infrastructure risk, hedging activities, insured and uninsured risks, environmental risks and regulations, government regulation, ability to obtain and renew licenses and permits, foreign operations risks, title to properties, competition, dependence on key personnel, currency, repatriation of earnings and stock exchange price fluctuations.

DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

The directors of Mineral Deposits Limited ("MDL" or the "company") submit herewith the financial report for the half-year ended 31 December 2009. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

The names of the directors of the company during or since the half-year ended 31 December 2009:

Nicholas Limb
Jeffrey Williams
Martin Ackland
Clever Fonseca
David Isles
Robert Danchin
Oliver Lennox-King
James (Murray) Grant

PRINCIPAL ACTIVITIES

MDL is a mineral development company with a current focus in Senegal, west Africa through a producing gold mine, the Sabodala Gold Operation, and a to be developed mineral sands project, the Grande Côte Mineral Sands Project.

The Sabodala Gold Operation, which poured its first gold in March 2009, is located 650 kilometres east of the capital Dakar within the West African Birimian geological belt in Senegal, about 90 kilometres from major gold mines and discoveries in neighbouring Mali.

The Grande Côte Mineral Sands Project is located on the coast of Senegal starting approximately 50 kilometres north of Dakar and extending northwards for more than 80 kilometres.

OPERATING RESULTS

The net loss of the consolidated entity before non-controlling interests and after provision for income tax for the half-year was $17.441 million (31 December 2008 – $28.812 million net profit after tax).

During the six months ended 31 December 2009, income totalled $98.799 million. Of this amount, $98.261 million was the proceeds of gold sales at spot prices (net of realised losses on gold forward contracts) in the period and $0.538 million related to other income.

FINANCIAL POSITION

Total assets increased from $489.854 million at 30 June 2009 to $492.117 million at 31 December 2009. Although current assets increased by $15.185 million during the period, this was offset by a decrease in non-current assets of $12.922 million, primarily a function of depreciation and amortisation and the de-recognition of the deferred tax asset as a result of a restructure in the Australian tax consolidated group.

Net assets of the company decreased by $12.757 million from $359.710 million at 30 June 2009 to $346.953 million on 31 December 2009.

Net cash and cash equivalents increased by $7.185 million to $25.358 million during the six months to 31 December 2009.

The company's healthy cash position during the period enabled it to continue expenditure on its Senegalese projects and significantly reduce debt incurred in respect of the Sabodala project:

- the Project Finance Facility at 31 December was $21 million (30 June 2009 – $38 million) with a repayment schedule now in place to fully pay out the balance by 30 June 2010; and
- the Mining Fleet Lease facility at 31 December was $12.7 million (30 June 2009 – $16.9 million).

As at 31 December 2009, the outstanding hedge position was 295.500 ounces of flat forward sales at $846 per ounce which, on mark-to-market (based on a gold price of $1,105 per ounce), equated to a negative position of $79.7 million (unrealised).

The directors believe the group to be in a robust financial position to fund its announced planned gold exploration, development and Sabodala expansion programmes in Senegal in 2010.

CASH FLOW

The net increase in cash in the six months ended 31 December 2009 was $6.173 million. After allowing for the increase associated with the effect of exchange rates on cash holdings in foreign currencies of $1.012 million, cash and cash equivalents on hand at the end of the period was $25.358 million.

Net cash provided by operating activities in the six months ended 31 December 2009 was $31.469 million compared with $47.403 million in the corresponding period in 2008. The main reason net operating cash was significantly lower in the current period was because of the one-off availability of the proceeds of the gold hedge restructure which took place in the comparative six month period in 2008. Payments to suppliers and employees increased to $59.873 million in the six months ended 31 December 2009, from $13.162 million in the corresponding period ended 31 December 2008. This reflects the increased level of activity at the Sabodala Gold Operation which was in production throughout the period just concluded but not in the equivalent six months in 2008.

Net cash used in investing activities in the six months ended 31 December 2009 was $8.447 million of which $4.650 million comprised exploration and development expenditure and $2.476 million was for property plant and equipment. Net cash used in investing activities in the corresponding period ended 31 December 2008 was $103.384 million. The large expenditure in the previous corresponding period was associated with the ramp-up in activities at Sabodala as it moved towards commencement of production in quarter one of 2009.

Net cash utilised for financing activities in the six months ended 31 December 2009 was $16.849 million, an increase of $59.630 million in the six months ended 31 December 2008. The primary difference between the two periods was that the finance provided during the comparative period in 2008 was the result of borrowings under the Project Finance and Working Capital facilities whereas in the six months through 31 December 2009, external borrowings were reduced by $21.217 million.

REVIEW OF OPERATIONS

Gold – Sabodala Gold Operation
90% owned through Sabodala Gold Operations SA ("SGO"), 10% Government of the Republic of Senegal

- Gold production for the December quarter was 45,792 ounces, giving 100,052 ounces for the six months ended 31 December 2009. Gold production from commencement of operations in March 2009 to December 2009 was 162,529 ounces, exceeding production guidance of 160,000 ounces.
- Expected production for each of the next two quarters is in the range 35,000 to 40,000 ounces per quarter, which would result in gold output of 170,000 to 180,000 ounces for the financial year to 30 June 2010.
- Total tonnes mined in the quarter ended 31 December 2009 was a record 4.2 million tonnes, comprising 820,000 tonnes of ore and 3,420,000 tonnes of waste. Mill throughput for the quarter was also a record 600,000 tonnes, representing an annualised rate of 2.4 million tonnes per annum ("Mtpa") (well above nameplate capacity of 2.0 Mtpa).
- Gross cash operating costs averaged $413/oz (excluding royalties) over the three full quarters since commencement in March 2009, bettering guidance of $420-440/oz.
- 295,500 ounces remained to be delivered into gold hedges (at $846/oz) with the project lender at 31 December 2009.
- The planned expansion of the Sabodala gold plant to double nameplate capacity to approximately 4.0 Mtpa from mid-2011 was announced in January 2010.
- Exploration programmes on the mine lease and regional land package are being ramped up with a budget of more than $14 million for calendar year 2010.

Production Statistics		**Dec 2009 Quarter**	**Sep 2009 Quarter**	**Jun 2009 Quarter**
Ore mined	('000t)	820	807	854
Waste mined	('000t)	3,420	2,485	1,992
Total mined	('000t)	4,240	3,292	2,846
Strip ratio	waste/ore	4.2	3.1	2.3
Ore processed	('000t)	600	499	575
Head grade	(g/t)	2.63	3.66	3.27
Gold recovery	(%)	90.6	92.2	93.8
Gold produced (1)	(oz)	45,792	54,260	58,943
Gross cash costs (excl. royalties)	$/oz	532	382	350
Gross cash costs (incl. royalties)	$/oz	564	412	373
Net cash costs (after inventory adjustments, excluding royalties)	$/oz	515	393	394
Gold sold	(oz)	50,078(2)	57,443	52,325
Average price received	$/oz	941	890	878

Notes:
(1) Gold produced is gold poured and does not include gold-in-circuit at period end
(2) Includes 5,665 ounces shipped before period end but not converted to cash.

Expansion

Planning is underway to expand the Sabodala gold plant from a nominal capacity of 2.0 Mtpa to approximately 4.0 Mtpa. Upon completion of the expanded operations, anticipated to be in mid-2011 (calendar year), it is expected gold output will increase to an average of approximately 200,000 ounces per annum and the mine life of the existing Sabodala pit will be reduced from the current 11 years to seven years (based on known reserves).

Given the original plant was designed and constructed with future expansion in mind, with certain key parts of the existing infrastructure (such as the 30MW power plant) already having the capacity to handle the proposed increased throughput, the estimated capital cost of the expansion is approximately $80 million, comprising $60 million (including contingency) for the processing plant and associated infrastructure (which includes a new gyratory primary crusher and a second ball mill) and $20 million for additional mining equipment (including a hydraulic shovel, five haul trucks and two blast hole drill rigs).

Detailed engineering, delivery of long lead time equipment items and construction are anticipated to take approximately 15 months.

Under the expanded production rates, it is anticipated that cash costs per ounce will be reduced by at least 10% through leverage of existing fixed costs and economies of scale. In addition, all of the incremental ounces of gold produced can be sold into the spot market, which would see approximately 55% of financial year 2012 forecast production, 75% of 2013 and 100% thereafter able to be sold at spot.

Mineral Sands – Grande Côte Mineral Sands Project
90% owned through Grande Cote Operations SA, 10% Government of the Republic of Senegal

Work on the Definitive Feasibility Study for the project continued, which included financial modelling, updating the estimated capital cost, hydrological modelling, extension of the geological block model following additional drilling, further mine path design and circuit model test work. This activity included a site visit by the principal consultants.

EXPLORATION AND DEVELOPMENT

Sabodala Gold Exploration

Exploration on both the mine lease and the regional joint venture titles (comprising a land package of approximately 1,600 square kilometres) had been largely suspended during the last two years while the focus was on a drill-out of the Sabodala orebody and development of the mine and treatment plant.

However, exploration around Sabodala on both the Mining Concession and regional land package (comprising seven Exploration Permits in various joint ventures) is currently being significantly ramped up.

Eleven targets have been prioritised on the Mining Concession itself. The area is well understood structurally and many of these targets have significant drill intercepts from earlier MDL drilling. A major RC and diamond drilling campaign has commenced with 15,000 metres of RC and 12,000 metres of diamond drilling planned over the next six months with a budgeted expenditure of approximately $4 million.

Regionally, with much of the area covered by shallow laterite, basic exploration work over the last few years has generated a large number of targets displaying encouraging geochemical responses. A major RAB drilling program commenced in late 2009 to systematically drill the targets by testing the underlying bedrock to shallow depths, with some trenching also being undertaken. The RAB program will continue throughout calendar 2010 and beyond with at least two rigs in operation at all times. Encouraging results have been received on a number of projects from the approximate 20,000 metres of RAB drilling undertaken to date and follow-up RC drilling will test these RAB intercepts at depth. Expenditure during calendar 2010 will, to some extent, be results driven but is currently expected to exceed $10 million.

Grande Côte Mineral Sands Project

Further infill drilling continues to underpin additional years of the initial mine path with a target mine life of 15 years.

SIGNIFICANT EVENTS

During the period, formal approval was received from the appropriate multinational authority to draw water from the Faleme River along the purpose-built 40 kilometre pipeline now essentially complete. It has the ability to pump around 2.0 million tonnes of water per year to provide insurance for any unanticipated dry spell as well as provide additional water for the future plant expansion.

DETAILS OF CONTROLLED ENTITIES ACQUIRED OR DISPOSED OF

During the period, the company entered into a heads of agreement with a company in Mauritania to establish a joint venture company to operate in the fields of mineral exploration and project development. MDL has subscribed for and will hold 50% of the equity in the new company and has appointed directors. More recently, the new entity was granted three exploration permits for which it had applied.

DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

CORPORATE

During the period, directors exercised 5.0 million options at an exercise price of A$0.33 per option. Also, earlier RMB Australia Holding Limited, one of the company's corporate financiers, had exercised 4.5 million options at A$0.69 per security.

As at 31 December 2009, the company had on issue 573,625,950 ordinary shares and 35,350,000 unlisted options to acquire ordinary shares at various exercise prices and expiry dates.

The net tangible asset backing per ordinary share (cents) as at 31 December 2009 was 56.83.

OUTLOOK

Key points of note are:

- For the Sabodala Gold Operation, expected production for each of the next two quarters is in the range 35,000 to 40,000 ounces per quarter, which would result in gold output of 170,000 to 180,000 ounces for the financial year to 30 June 2010.

- Work will continue on the planned expansion of the Sabodala gold plant, including detailed engineering work, enquiries in relation to long lead time equipment items and overall implementation planning during the first quarter of 2010.

- Exploration for gold on both the Sabodala Gold Operation mine lease and regional land package will continue to ramp up during the second half of 2009/10.

- Work will be finalised in relation to the Definitive Feasibility Study for the Grande Côte Mineral Sands Project, subject to completion of infill drilling and mine path planning, during the first quarter of 2010.

DIVIDENDS

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

SIGNIFICANT 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

- On 28 January 2010, the company announced that SGO had exceeded its production guidance of 160,000 ounces to end December 2008. Since commencement of production in March 2009, Sabodala produced 162,529 ounces of gold.

- On 27 January 2010, the company announced the planned expansion of the Sabodala gold plant from a nominal capacity of 2.0 Mtpa to 4.0 Mtpa. Upon completion of the expanded operations, anticipated to be in mid calendar year 2011, it is expected gold output will increase to an average of approximately 200,000 ounces per annum and the mine life of the existing Sabodala pit will be reduced from the current 11 years to seven years.

- On 22 January 2010, the company announced that exploration around Sabodala on both the Mining Concession and regional land package of approximately 1,600 square kilometres was being significantly ramped up:

  - 15,000 metres of RC and 12,000 metres of diamond drilling is planned on the Mining Concession over the next six months; and

  - regionally, the RAB drilling programme commenced in late 2009 will continue throughout calendar 2010 and beyond.

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.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

AUDITOR

Deloitte Touche Tohmatsu continues in office in accordance with the Corporations Act 2001.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the half-year ended 31 December 2009 has been received and can be found on page 6.

ROUNDING OFF OF ACCOUNTS

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 directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise stated.

This directors' report is signed in accordance with a resolution of directors made pursuant to section 306(3) of the Corporations Act 2001.

On behalf of the directors

Nicholas Limb
Director

Jeffrey Williams
Director

Melbourne, 24 February 2010

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
Mineral Deposits Limited
Level 7 Exchange Tower
530 Little Collins Street
MELBOURNE VIC 3000

24 February 2010

Dear Board Members,

Mineral Deposits Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Mineral Deposits Limited.

As the lead audit partner for the review of the financial statements of Mineral Deposits Limited for the half-year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely,

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ian Sanders

Ian Sanders
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Review Report to the members of Mineral Deposits Limited

We have reviewed the accompanying half-year financial report of Mineral Deposits Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2009, and the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 9 to 25.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mineral Deposits Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Member of
Deloitte Touche Tohmatsu

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Mineral Deposits Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ian Sanders

Ian Sanders
Partner
Chartered Accountants
Melbourne, 24 February 2010

DIRECTORS' DECLARATION

The directors of the company declare that, in the directors' opinion:

1. 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. the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including 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 made pursuant to section 303(5) of the *Corporations Act 2001*.

Nicholas Limb
Director

Jeffrey Williams
Director

Melbourne, 24 February 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Note	31 Dec 2009 $'000	31 Dec 2008 $'000
Revenue	4	98,261	-
Cost of sales	4	(66,400)	-
			-
Gross profit		31,861	-
Other income	4	538	60,729
Administration expenses	4	(6,322)	(4,976)
Finance costs		(2,719)	-
Loss on disposal on financial assets		-	(309)
Exploration expenditure written off		(5)	-
Net foreign exchange losses		(154)	(10,556)
Gold hedge unrealised losses		(36,909)	(15,208)
Oil hedge unrealised gain /(loss)		1,582	(868)
(Loss) / Profit before tax		(12,128)	28,812
Income tax expense		(5,313)	-
(Loss) / Profit for the period		(17,441)	28,812
Other comprehensive income:			
Exchange differences arising on translation of operations		28,720	(101,317)
Exchange difference on inter-company loans		(26,527)	67,994
Loss on available for sale investment		-	66
Other comprehensive income for the period		2,193	(33,257)
Total comprehensive income for the period		(15,248)	(4,445)
(Loss) / Profit attributable to:			
Owners of the parent		(15,550)	24,156
Non-controlling interests		(1,891)	4,656
(Loss) / Profit for the period		(17,441)	28,812
Total comprehensive income attributable to:			
Owners of the parent		(13,357)	(9,101)
Non-controlling interests		(1,891)	4,656
		(15,248)	(4,445)
Earnings per share			
Basic earnings per share (cents)		(2.7)	4.9
Diluted earnings per share (cents)		(2.7)	4.9

Notes to the financial statements are included on pages 14 to 25.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	Note	31 Dec 2009 $'000	30 June 2009 $'000
CURRENT ASSETS			
Cash and cash equivalents	5	25,358	18,173
Trade and other receivables		7,145	857
Financial derivative assets	10	1,015	379
Inventories	6	45,730	43,599
Other		1,868	2,923
TOTAL CURRENT ASSETS		81,116	65,931
NON-CURRENT ASSETS			
Financial derivative assets	10	3,067	2,121
Property, plant and equipment	7	230,021	238,776
Exploration and evaluation expenditure		53,470	48,088
Mine development expenditure	8	103,711	107,211
Capitalised mining convention and concession costs		20,212	19,986
Deferred tax assets		64	7,525
Other intangible assets		205	216
Other		251	-
TOTAL NON-CURRENT ASSETS		411,001	423,923
TOTAL ASSETS		492,117	489,854
CURRENT LIABILITIES			
Trade and other payables	9	25,798	27,879
Financial derivative liabilities	10	25,894	10,591
Borrowings	11	28,733	44,662
Current tax payable		716	902
Provisions		2,277	2,450
TOTAL CURRENT LIABILITIES		83,418	86,484
NON-CURRENT LIABILITIES			
Trade and other payables	9	2,779	2,727
Financial derivative liabilities	10	53,821	32,216
Borrowings	11	4,192	8,345
Deferred tax liabilities		231	231
Provisions		723	141
TOTAL NON-CURRENT LIABILITIES		61,746	43,660
TOTAL LIABILITIES		145,164	130,144
NET ASSETS		346,953	359,710
EQUITY			
Issued capital	12	378,750	375,868
Reserves		40,876	39,074
Accumulated losses		(72,034)	(56,484)
Equity attributable to owners of the parent		347,592	358,458
Non-controlling interest		(639)	1,252
TOTAL EQUITY		346,953	359,710

Notes to the financial statements are included on pages 14 to 25.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Issued Capital $'000	Accumulated Losses $'000	Foreign Currency Translation Reserve $'000	Investments Revaluation Reserve $'000	Equity-Settled Share-Based Payments Reserve $'000	Attributable to Equity Holders of the Parent $'000	Non-controlling Interests $'000	Total $'000
Consolidated								
Balance at 1 July 2008	339,344	(45,345)	50,403	(66)	7,494	351,830	5	351,835
Profit for the period	-	24,156	-	-	-	24,156	4,656	28,812
Exchange difference arsing on translation of operations	-	-	(101,317)	-	-	(101,317)	-	(101,317)
Exchange difference on inter-company loans	-	-	67,994	-	-	67,994	-	67,994
Loss on available for sale investment	-	-	-	66	-	66	-	66
Total comprehensive income for the period	-	24,156	(33,323)	66	-	(9,101)	4,656	(4,445)
Issue of options to directors and employees	-	-	-	-	835	835	-	835
Issue of options to financiers	-	-	-	-	1,210	1,210	-	1,210
Shares issued during the period	161	-	-	-	-	161	-	161
Share issue costs	(49)	-	-	-	-	(49)	-	(49)
Balance at 31 December 2008	339,456	(21,189)	17,080	-	9,539	344,886	4,661	349,547
Balance at 1 July 2009	375,868	(56,484)	28,912	-	10,162	358,458	1,252	359,710
Loss for the period	-	(15,550)	-	-	-	(15,550)	(1,891)	(17,441)
Exchange difference arsing on translation of operations	-	-	28,720	-	-	28,720	-	28,720
Exchange difference on inter-company loans	-	-	(26,527)	-	-	(26,527)	-	(26,527)
Total comprehensive income for the period	-	(15,550)	2,193	-	-	(13,357)	(1,891)	(15,248)
Issue of options to directors and employees	-	-	-	-	331	331	-	331
Transfer from equity settled share based payment reserve	722	-	-	-	(722)	-	-	-
Exercise of options during period	4,809	-	-	-	-	4,809	-	4,809
Shares issued costs	(40)	-	-	-	-	(40)	-	(40)
De-recognition of deferred tax assets	(2,609)	-	-	-	-	(2,609)	-	(2,609)
Balance at 31 December 2009	378,750	(72,034)	31,105	-	9,771	347,592	(639)	346,953

Notes to the financial statements are included on pages 14 to 25.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	31 Dec 2009 $'000	31 Dec 2008 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	93,465	215
Payments to suppliers and employees	(59,873)	(13,162)
Interest and other costs of finance paid	(1,545)	-
Receipt from close out of gold derivative	-	60,350
Income tax paid	(578)	-
Net cash provided by operating activities	31,469	47,403
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capitalised exploration and development expenditure	(4,650)	(37,600)
Payments for property, plant and equipment	(2,476)	(64,524)
Payments for other intangible assets	(72)	(21)
Proceeds from sale of fixed assets	-	11
Proceeds from sale of investment securities	-	232
Payment for security deposits	(1,375)	-
Interest received	126	311
Interest paid capitalised borrowing costs	-	(1,793)
Net cash (used in) investing activities	(8,447)	(103,384)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of equity securities	4,521	161
Payment for share issue costs	(40)	(511)
Proceeds from monies held in trust	-	2
Payment of monies held in trust	(113)	-
Proceeds from borrowings	-	73,192
Payment for debt issue costs	-	(2,955)
Repayment of borrowings	(21,217)	(27,108)
Net cash provided by (used in) financing activities	(16,849)	42,781
Net increase/(decrease) in cash and cash equivalents held	6,173	(13,200)
Cash and cash equivalents at the beginning of the period	18,173	44,226
Effect of exchange rates on cash holdings in foreign currencies	1,012	2,138
Cash and cash equivalents at the end of the period	25,358	33,164

Notes to the financial statements are included on pages 14 to 25.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

1. GENERAL INFORMATION

Mineral Deposits Limited ("MDL" or the "company") is a company domiciled in Australia. The condensed consolidated financial statements of the company as at and for the six months ended 31 December 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 half year financial report is 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 half year 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 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 United States 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 directors' report and the half year 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 half year financial report are consistent with those adopted and disclosed in the company's Annual Report for the financial year ended 30 June 2009, except for the following changes:

- The functional currency of the Group's subsidiaries that operate overseas has been reassessed and it has been determined that since 1 July 2009 the functional currency of all overseas entities is United States dollars.

- The presentation currency for the consolidated financial statements was changed from Australian dollars to United States dollars and comparative disclosures have been translated and presented in United States dollars accordingly.

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.

Going concern

The group recorded a net loss of $17.441 million after income tax for the six month period ended 31 December 2009 and net cash provided by operating activities of $31.469 million, capital commitments of $1.514 million and cash reserves of $25.358 million at 31 December 2009. The group had a net current asset deficiency of $2.302 million at 31 December 2009. In addition, certain undertakings in relations to the project finance facility remaining outstanding at the date of this report and hereby provide the bankers the right to demand repayment of the project finance facility before the scheduled repayment date of 30 June 2010.

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

- generation of sufficient funds from operating activities which include gold production as forecast in current Life of Mine Plan; and

- the continued support of its bankers, creditors and major shareholders.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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The directors believe the going concern basis of preparation to be appropriate given the following reasons:

- sufficient net cash inflows will be generated through both gold sales into the company's current hedge commitments and any excess gold above its hedge position being sold at spot resulting in net cash inflows which allow the company to meet operating costs and retire the Macquarie Bank Limited ("MBL") project finance facility;

- the directors are confident that they can fulfil the scheduled repayment obligations under the terms of the MBL project finance facility intended to be repaid by 30 June 2010;

- it is unlikely that MBL will require full repayment anytime before 30 June 2010; and

- alternatively the directors can raise capital through the issue of new shares on the Australian Securities Exchange or Toronto Stock Exchange.

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, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Estimates

The preparation of half year 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 condensed consolidated 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 2009.

Financial Risk Management

The group's 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 2009.

3. SEGMENT INFORMATION

The company has adopted AASB8 Operating Segments and AASB2007-3 Amendments to Australian Accounting Standards arising from AASB 8 with effect from 1 January 2009. AASB8 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 Operation 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 Mineral Sands 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

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

	Revenue		Segment Profit	
	Six months ended 31 December		Six months ended 31 December	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Continuing operations				
Gold division - operations				
Gold sales	98,261	-	98,261	-
Cash cost of sales:				
Mine operating costs			(44,899)	-
Royalties			(3,145)	-
Change in inventories			(2,759)	-
Total cost of sales			(50,803)	-
Mine EBITDA			47,458	-
Depreciation and amortisation			(15,597)	-
Gross Profit from mining activities			31,861	-
Corporate administration expenses			(6,322)	(4,976)
Exploration expenditure written off			(5)	-
Operating profit /(loss) before other income / (expenses)			25,534	(4,976)
Gold hedge unrealised losses			(36,909)	(15,208)
Oil hedge unrealised gains /(losses)			1,582	(868)
Other income			538	379
Proceeds from close out of hedge book			-	60,350
Loss on disposal of investment			-	(309)
Finance costs			(2,719)	-
Net foreign exchange losses			(154)	(10,556)
Total other income / (expenses)			(2,335)	49,864
(Loss) / Profit before tax			(12,128)	28,812
Income tax expense			(5,313)	-
(Loss) / Profit after tax			(17,441)	28,812
Attributable to non-controlling interests			1,891	(4,656)
Consolidated segment revenue and (loss)/profit for the period	98,261	-	(15,550)	24,156

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

	Period ended		Period ended	
	31 Dec 2009 $'000	30 June 2009 $'000	31 Dec 2008 $'000	30 June 2008 $'000
Continuing operations				
Gold division	406,131	398,007	369,030	288,939
Mineral sands division	78,443	73,594	83,477	91,063
Total segment assets	484,574	471,601	452,507	380,002
Unallocated assets	7,543	18,253	15,106	45,580
Total assets	492,117	489,854	467,613	425,582

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

4. RESULTS FOR THE PERIOD

	31 Dec 2009 $'000	31 Dec 2008 $'000
The following items are relevant in explaining the financial result:		
Gold sales at spot price	110,985	-
Realised loss on gold forward contracts	(12,724)	-
Sales revenue - gold	98,261	-
Interest revenue - bank	160	290
Other revenue:		
- rental received	250	27
- other	125	62
Gain from sale of fixed assets	3	-
Proceeds from closed hedge book:		
- gold flat forwards	-	47,203
- gold put options	-	13,147
	538	60,729
Cost of sales:		
- mine production costs	(44,782)	-
- realised loss on energy swap	(117)	-
- depreciation and amortisation	(15,597)	-
- royalty	(3,145)	-
- inventory movements	(2,759)	-
	(66,400)	-
Depreciation of non-current assets:		
- land, buildings & property improvements	(46)	(43)
- office furniture	(24)	(4)
- computer equipment and software	(183)	(42)
- other assets	(1)	(21)
- motor vehicles	(193)	(22)
	(447)	(132)
Amortisation of intangible assets:		
- computer software	(21)	(17)
Employee benefits:		
- equity settled share based payments	(368)	(850)
- remuneration expense	(1,877)	(2,149)
- post employment benefits – defined contributions	(204)	(292)
- provision for leave entitlements	(138)	(319)
	(2,587)	(3,610)
Administration and other overheads	(3,267)	(1,217)
Total administration expenses	(6,322)	(4,976)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

5. CASH

	31 Dec 2009 $'000	30 June 2009 $'000
Cash and cash equivalents (i)	25,135	17,972
Tem deposits (ii)	223	201
	25,358	18,173

(i) Cash balances restricted for use

The balance of funds of $11.213 million (30 June 2009 - $5.120 million) held in the SGO Proceeds Account (per the Project Finance Facility provided by MBL) is only available for operating, project and financing (including loan repayments) costs of that entity. Funds are not available for other entities within the MDL group unless strict criteria are passed. These criteria include technical and financial completion tests, loan ratio tests and sufficient funds remaining in the Proceeds Account to maintain an agreed reserve amount. It is not expected that funds will be available from the Proceeds Account for other entities within the MDL group for the remaining life of the loan.

(ii) Cash balances not available for use

The company has $0.223 million (30 June 2009 - $0.201 million) in term deposits included in the cash and cash equivalents that are not readily available for use by the group. These term deposits are held as security over the company's corporate credit card and credit charge facility and held in favour of a bank guarantee.

6. INVENTORIES

	31 Dec 2009 $'000	30 June 2009 $'000
Ore stockpiles	20,750	20,367
Gold in circuit	1,643	907
Gold bullion	2,344	5,152
Diesel fuel	1,865	2,272
Materials and supplies	16,903	13,511
Goods in transit	2,225	1,390
	45,730	43,599

7. PROPERTY, PLANT AND EQUIPMENT

	31 Dec 2009 $'000	30 June 2009 $'000
Carrying amounts of each class:		
Land, buildings and property improvement	27,092	28,174
Plant and equipment	185,691	190,104
Office equipment	708	813
Motor vehicles	1,414	1,546
Plant and equipment under lease	15,116	18,139
	230,021	238,776

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

8. MINE DEVELOPMENT EXPENDITURE

	31 Dec 2009 $'000	30 June 2009 $'000
Costs carried forward in respect of areas of interest at cost	110,664	109,943
Accumulated amortisation	(6,953)	(2,732)
	103,711	107,211

9. TRADE AND OTHER PAYABLES

		31 Dec 2009 $'000	30 June 2009 $'000
(a)	**Current**		
	Unsecured liabilities		
	- trade payables (i)	3,420	1,698
	- sundry creditors and accrued expenses	10,630	17,185
	- government royalties (ii)	4,682	1,550
	- amounts payable to Government of Senegal (iii)	7,066	7,306
	- amounts payable held in trust	-	140
		25,798	27,879
(b)	**Non-current**		
	Unsecured liabilities		
	- amounts payable to Government of Senegal (iii)	2,779	2,727

(i) Trade payables comprise obligations by the company to suppliers of goods and services to the company. Terms are generally 30 days.

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

(iii) The following amounts are payable to the Government of the Republic of Senegal ("ROS")

- $4.7 million in four equal instalments over the first four years of production to which an annual interest rate of 6% applies on a reducing balance basis.

- $6.50 per ounce once-off bonus payment for a capped mineable reserve exceeding 556,000 ounces for a total of $5.5 million. Repayments of five equal monthly instalments commenced on 30 September 2009

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

10. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated	
	31 Dec 2009 $'000	**30 June 2009 $'000**
Financial derivative assets:		
Energy Swap - Oil	4,082	2,500
Disclosed as:		
Current	1,015	379
Non-current	3,067	2,121
	4,082	2,500
Financial derivative liabilities:		
Gold flat forward contracts	79,715	42,807
Disclosed as:		
Current	25,894	10,591
Non-current	53,821	32,216
	79,715	42,807

Gold forward contracts and oil swaps

Details of the gold hedging contracts and oil swaps at period end were as follows:

	Gold Forward Contracts			Energy Swaps – Oil		
	Ounces	**$/ounce**	**Fair Value**	**BBL**	**$/BBL**	**Fair Value**
Within 1 year	102,000	846	(25,894)	80,000	70	1,015
Between 1 and 2 years	72,000	846	(19,019)	80,000	70	1,300
Between 2 and 3 years	102,500	846	(29,089)	80,000	70	1,406
Between 3 and 4 years	19,000	846	(5,713)	20,000	70	361
Total	295,500	846	(79,715)	260,000	70	4,082

At 31 December 2009, the gold spot price was $1,105 and the oil price was $79.28.

As the company has elected not to adopt hedge accounting, movements in the fair value of these contracts are accounted for through the income statement. As at 31 December 2009, the company's subsidiary SGO's hedge ineffectiveness recognised directly in the income statement was as follows:

	$'000
Gold hedge unrealised loss	36,909
Oil hedge unrealised gain	(1,582)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

11. BORROWINGS

		31 Dec 2009 $'000	30 June 2009 $'000
(a)	**Current**		
	Secured – at amortised cost		
	Project Finance Facility (i)	21,003	38,209
	Borrowing costs	(552)	(1,753)
	Finance lease liabilities (ii)	8,433	8,433
	Borrowing costs	(151)	(227)
		28,733	44,662
(b)	**Non-Current**		
	Secured – at amortised cost		
	Finance lease liabilities (ii)	4,217	8,433
	Borrowing costs	(25)	(88)
		4,192	8,345

(i) The Project Finance Facility was drawn down to $21 million at period end (30 June 2009 - $38 million). A repayment schedule has been formally agreed with MBL and the loan is intended to be fully repaid by 30 June 2010. This facility was provided to, and the funds drawn down by MDL's 90%-owned subsidiary SGO.

As at 31 December 2009, SGO had a small number of outstanding undertakings in relation to the facility. These are expected to be either satisfied or waived until the full repayment of the facility by 30 June 2010.

The facility is secured by a fixed and floating charge over substantially all of SGO's assets.

(ii) On 18 November 2008, MDL's subsidiary SGML (Capital) Limited entered into a sale and leaseback agreement with Societe Generale Australia over its mining fleet for $23.2 million, of which $12.7 million was outstanding at 31 December 2009 (30 June 2009 - $16.9 million). The lease contract expires 30 June 2011 with principal and interest payable quarterly in arrears. The lease is secured by the assets financed.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

12. ISSUED CAPITAL

	31 Dec 2009 No.	31 Dec 2009 $'000	30 June 2009 No.	30 June 2009 $'000
(a) Fully paid ordinary shares				
573,625,950 fully paid ordinary shares (30 June 2009 – 563,375,950)	573,625,950	378,750	563,375,950	375,868
At the beginning of the period	563,375,950	375,868	483,619,234	339,344
Shares issued during the period:				
- 8 December 2008	-	-	1,000,000	161
- 30 March 2009	-	-	63,600,000	27,385
- 13 May 2009	-	-	35,000	12
- 18 May 2009	-	-	15,121,716	7,027
- 16 October 2009	100,000	41	-	-
- 20 October 2009	4,500,000	2,858	-	-
- 18 November 2009	5,650,000	1,910	-	-
Transferred from option reserve	-	722	-	-
Transaction costs relating to issue	-	(40)	-	(1,674)
Related income tax	-	-	-	3,613
De-recognition of deferred tax assets	-	(2,609)	-	-
Total for the period	10,250,000	2,882	79,756,716	36,524
At the end of the period	573,625,950	378,750	563,375,950	375,868

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 16 October 2009, 100,000 ordinary shares were issued following the exercise of share options at an exercise price of A$0.45 (MDLAM). These options were exercisable at any time up to 2 January 2010.
- On 20 October 2009, 4,500,000 ordinary shares were issued to company financiers, RMB Australia Holding Limited, following the exercise of share options at an exercise price of $A0.69 (MDLAI). These options were exercisable at any time up to 1 January 2012.
- On 18 November 2009, 5,000,000 ordinary shares were issued to company directors following the exercise of share options at an exercise price of $A0.33 (MDLAK). These options were exercisable at any time up to 28 November 2009.
- On 18 November 2009, 150,000 ordinary shares were issued to senior personnel following the exercise of share options at an exercise price of $A0.45 (MDLAM). These options were exercisable at any time up to 2 January 2010.
- On 18 November 2009, 500,000 ordinary shares were issued to senior personnel following the exercise of share options at an exercise price of $A0.65 (MDLAO). These options were exercisable at any time up to 10 March 2010.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

(b) Share Options

As at 31 December 2009, the following unissued ordinary shares of the company under option were outstanding:

ASX Code	Issue Date	Expiry Date	Exercise Price A$	No.
MDLAQ	23 November 2005	23 November 2010	0.85	500,000
MDLAA	1 July 2008	1 July 2011	1.40	10,000,000
MDLAZ	10 April 2008	10 April 2011	1.40	10,000,000
MDLAS	1 May 2006	1 May 2011	2.00	250,000
MDLAI	2 January 2009	2 January 2012	0.69	4,500,000
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
MDLAB	30 June 2009	30 June 2014	0.75	750,000
				35,350,000

No share options were issued to directors, senior personnel or employees since 30 June 2009.

The following unlisted options were exercised during the reporting period:

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
MDLAI	2 January 2009	2 January 2012	0.69	4,500,000
				10,250,000

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
				750,000

No person entitled to exercise the option had or has any rights by virtue of the option to participate in any share issue of any other body corporate. Options do not carry any voting or dividend rights.

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

13. DIVIDENDS

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

14. COMMITMENTS

(a) Capital Expenditure Commitments

Contracted, but not provided for and payable within one year

The group is still undertaking construction of the Grande Côte Mineral Sands Project and the Sabodala Gold Operation in the Republic of Senegal. Capital expenditure commitments outstanding at 31 December 2009 comprised:

	31 Dec 2009 $'000	30 June 2009 $'000
Grande Côte Mineral Sands Project	589	1,991
Sabodala Gold Operation	925	1,284
	1,514	3,275

(b) Exploration Commitments

The company has minimum exploration commitments of $5.0 million payable within one year in respect of its Sabodala regional exploration programmes.

(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:

- $425,000 per annum on social development of local authorities in the surrounding Tambacounda region during the term of the Mining Convention;
- $30,000 per year for logistical support of the territorial administration of the region from date of notification of the Mining Concession; and
- $200,000 per year of production on training of Directorate of Mines and Geology ("DMG") officers.

15. SUBSEQUENT EVENTS

- On 28 January 2010, the company announced that SGO had exceeded its production guidance of 160,000 ounces to end December 2008. Since commencement of production in March 2009, Sabodala produced 162,529 ounces of gold.
- On 27 January 2010, the company announced the planned expansion of the Sabodala gold plant from a nominal capacity of 2.0 Mtpa to 4.0 Mtpa. Upon completion of the expanded operations, anticipated to be in mid calendar year 2011, it is expected gold output will increase to an average of approximately 200,000 ounces per annum and the mine life of the existing Sabodala pit will be reduced from the current 11 years to seven years (based on existing reserves).
- On 22 January 2010, the company announced that exploration around Sabodala on both the Mining Concession and regional land package of approximately 1,600 square kilometres was being significantly ramped up:
  - 15,000 metres of RC and 12,000 metres of diamond drilling is planned on the Mining Concession over the next six months with a budgeted expenditure of approximately $4 million; and
  - regionally, the RAB drilling programme commenced in late 2009 will continue throughout calendar 2010 and beyond. Expenditure during calendar 2010 will, to some extent, be results driven but is expected to exceed $10 million.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

16. CONTINGENT LIABILITIES

(a) The company faces potential liabilities in respect of the Grande Côte Mineral Sands 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;
- $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
- $50,000 per year of production on training of DMG officers and logistical support to the technical services of the Ministry for Mines.

(b) The company has a deed of cross guarantee with its wholly-owned subsidiaries MDL (Mining) Limited and MDL Gold Limited.

(c) 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.

(d) 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.

(e) There are no outstanding native title claims against the company which could or would have a financial impact.

The directors are not aware of any other contingent liabilities at 31 December 2009.

17. ACQUISITIONS AND DISPOSALS

During the period, the company entered into a heads of agreement with a company in Mauritania to establish a joint venture company to operate in the fields of mineral exploration and project development. MDL has subscribed for and will hold 50% of the equity in the new company and has appointed directors. More recently, the new entity was granted three exploration permits for which it had applied.

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)

COMPANY SECRETARY

Melvyn Drummond

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