MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2010

Mineral Deposits Limited ("MDL" or the Company") is an Australian-based mining 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 Company is listed on the Australian Securities Exchange ("ASX") (symbol: MDL) and the Toronto Stock Exchange ("TSX") (symbol: MDM).

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, and about 90 kilometres from major gold mines and discoveries in 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 100 kilometres.

The following Management's Discussion and Analysis ("MD&A") provides an analysis of the financial condition and results of operations of the Company for the three-months ended 30 September 2010 and has been prepared as of 15 November 2010. This MD&A is intended to complement and supplement, but does not form part of, the unaudited consolidated financial statements of MDL and the notes thereto for the three-months ended 30 September 2010 (the "Interim Financial Statements"). It should be read in conjunction with the Interim Financial Statements and with the Company's audited consolidated financial statements for the year ended 30 June 2010 and related notes thereto (the "Annual Financial Statements").

The Annual Financial Statements and the Interim Financial Statements, and the financial information contained in this MD&A, are prepared in accordance with International Financial Reporting Standards ("IFRS").

Additional information about the Company, including the Annual Financial Statements and the Interim Financial Statements, are available on SEDAR at sedar.com and on the Company's website at www.mineraldeposits.com.au.

All dollar amounts contained in this MD&A are expressed in United States dollars, unless otherwise stated.

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1. FIRST (SEPTEMBER 2010) QUARTER HIGHLIGHTS

Financial Performance and Position

- Revenue from gold sales was $53.2 million – from the sale of 42,830 ounces at an average price of $1,243 per ounce
- Net cash income from mining activities was $32.0 million
- Cash at 30 September 2010 was $16.8 million
- Project Finance Facility at 30 September 2010 was $nil – the balance of $6 million at 30 June 2010 was repaid in full during the period ended 30 September 2010
- Mining Fleet Lease facility at 30 September 2010 was $25.0 million – having been increased from $10.4 million at 30 June 2010 through an amended facility to allow for the purchase of new mining fleet for the Sabodala Gold Operation

Sabodala Gold Operation

- Gold production for the September quarter was 35,103 ounces at a gross cash cost (excluding royalties) of $581/oz
- Total tonnes mined for the quarter was 3.8M tonnes, at an above average strip ratio of 9.4:1 waste/ore. Ore tonnes mined and ore grade were below plan due to the inability for certain periods to mine in Phase 1 as a result of heavy rains from the annual wet season
- Mill throughput for the quarter was 561,632 tonnes, which was essentially in line with plan, however the head grade of 2.04 g/t was below plan due to increased reliance on ore from the ROM stockpile rather than ore from the pit
- Additional mining equipment as part of the planned expanded operations (increasing the nominal capacity of the processing plant from 2.0 Mtpa to approximately 4.0 Mtpa) is now at site and becoming operational
- The focus of exploration on the mine lease was on: (i) the Sabodala Main Flat Extension – where the latest drill holes have confirmed a mineralized zone north of the Sabodala pit; (ii) Sutuba – where some high grade zones of limited strike length have been defined; and (iii) the Sambaya Hill prospect – where an initial drill program has commenced to define the structural framework of the target
- Exploration on the regional land holding was limited as a result of the annual wet season. Geological modelling of the Gora deposit has supported a preliminary inferred mineral resource estimate of 387,000 tonnes at 5.6 g/t Au for 70,000 ounces of gold at a 0.5 g/t Au cut off grade

Grande Côte Mineral Sands Project

- Following completion of the Definitive Feasibility Study (“DFS”) for the Project during the last quarter, planning has commenced for the development of the Project, and discussions are underway with banks to secure debt financing
- Adam Smits has been appointed to the position of Project Manager, and Mark Arnesen has been recruited to the position of Manager Project Finance

Demerger Proposal

- During the quarter, the Company announced its intention to separate its two core assets, namely the Sabodala gold assets and the Grande Côte mineral sands project, via the demerger of the Sabodala gold assets into a separate entity, Teranga Gold Corporation (“Teranga”).

Equity Position in Oromin Explorations Ltd.

- During the quarter, the Company also acquired 18,699,500 common shares in Oromin Explorations Ltd. (“Oromin”), representing approximately 15.0% of the current issued and outstanding common shares of Oromin.
- Oromin is a TSX listed company (TSX: OLE) with its principal property being an interest in a joint venture covering a landholding which is contiguous with MDL’s Sabodala mining concession.

2. CORPORATE

Demerger Proposal

During the quarter, the Company announced its intention to separate its two core assets, namely the Sabodala gold assets and the Grande Côte mineral sands project, via the demerger of the Sabodala gold assets from the Company.

As part of the demerger, it is intended that:

- The shares held in the Sabodala holding companies and Oromin are transferred to Teranga, a new Canadian-incorporated company, in exchange for shares in Teranga and C$50 million of deferred consideration
- MDL will in-specie distribute not less than 80% of its Teranga shares to MDL shareholders on a proportional basis
- Teranga will conduct an IPO involving the offer of new Teranga shares
- The deferred consideration of C$50 million will be payable by Teranga to MDL from the IPO proceeds (and to the extent unpaid, payable under the terms of a loan agreement).

Subsequent to the demerger, in-specie distribution and IPO, MDL shareholders will own

- shares in Teranga, which will own the Sabodala gold assets; and
- their shares in MDL, which will continue to own the Grande Côte mineral sands project, as well as a minority interest of around 17% (depending on the number of Teranga shares issued under the IPO) in Teranga.

MDL will continue to be led by the existing management team.

The management team of Teranga will be led by **Alan Hill**, as Chairman and Chief Executive Officer, and **Richard Young**, as President and Chief Financial Officer.

Alan Hill has had a lengthy and varied career in the mining business, most notably as the Executive Vice President, Development of Barrick Gold Corporation, a role in which he managed the development of and brought into production a number of Barrick's projects. He retired from Barrick in September 2003 and was with Gabriel Resources Ltd. as its President and CEO from May 2005 until March 2009. He is currently a director of Gold Fields Limited, one of the world's largest gold miners.

Richard Young has extensive financial, mine development and capital markets experience. He was with Barrick Gold Corporation for 13 years where he served as the Vice President of Investor Relations and Manager, Corporate Development. He was then with Gabriel Resources Ltd. from May 2005 until March 2010 in the position of Chief Financial Officer.

As part of the demerger, a final prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada (except Quebec) for a proposed IPO of common shares of Teranga.

The approval of shareholders to effect certain transactions as part of the demerger was obtained at the Company's Special and Annual General Meeting held on 9 November 2010.

The proposed timing of the demerger and IPO is the latter part of November 2010/December 2010.

Equity Position in Oromin Explorations Ltd.

During the quarter, the Company also acquired from third parties 18,699,500 common shares in Oromin, representing approximately 15.0% of the issued and outstanding common shares of Oromin at the time of acquisition.

MDL issued 24,870,335 ordinary shares to the vendors as consideration, as well as an additional 994,813 ordinary shares to GMP Securities Europe LLP as financial adviser to the share purchase, all at an issue price of AUD$0.93 per share (equivalent to approximately CAD$0.87 per share). The Oromin shares were acquired pursuant to the terms of certain Share Sale Agreements with the vendors containing customary representations, warranties, covenants and other terms and conditions.

Oromin is a TSX listed company (TSX: OLE) with its principal property being an interest in a joint venture covering a landholding in Senegal, West Africa which is contiguous with MDL's Sabodala Mining Concession (containing the Sabodala mine and processing plant) and regional exploration tenements.

3. CONSOLIDATED RESULTS

The following table summarises our consolidated results (in thousands of US$):

	Three-months ended 30 September	
	2010 US$'000	2009 US$'000
Gold produced (ounces)	35,103	54,260
Gold sold (ounces)	42,830	57,443
Revenue – gold sales	53,234	51,113
Cash operating cost of sales	(21,245)	(24,733)
Net cash income from mining activities	**31,989**	**26,380**
Depreciation and amortisation (mining operations)	(8,205)	(7,258)
Net income from mining activities	**23,784**	**19,122**
Administration expenses	(2,426)	(3,370)
Finance costs	(388)	(1,451)
Gold hedge unrealised gains/(losses)	(19,082)	(13,008)
Oil hedge unrealised gains/(losses)	821	(1,433)
Other income/(expenses)	(2,415)	(116)
Income tax benefit/(expense)	(18)	(182)
Profit attributable to minority interests	(644)	(309)
Profit/(loss) attributable to owners of the parent	**(368)**	**(750)**
Basic earnings per share (cents)	(0.1)	(0.1)
Diluted earnings per share (cents)	(0.1)	(0.1)

First (September 2010) Quarter

- Revenue from gold sales was $53.2 million, resulting from the sale of 42,830 ounces of gold at an average price of $1,243 per ounce – all gold sold during the quarter was sold in the spot market.
- Mine cash operating cost of sales was $21.2 million, equating to $496 per ounce of gold sold (being 42,830 ounces). This compares to cash operating cost of sales for the September 2009 quarter of $323 per ounce of gold sold (being 57,443 ounces). The primary reason for the increase in cash costs per ounce sold is related to the above average strip ratio of 9.4:1 waste/ore compared with 3.1:1 in the September 2009 quarter and lower head grade of 2.04g/t in the September 2010 quarter compared with 3.66g/t in the September 2009 quarter.
- Net cash income from mining activities was $32.0 million, compared with $26.4 million for the September 2009 quarter. The primary reason for the increase was the higher realised price of gold sold (with all gold sold during the September 2010 quarter sold at spot, while there was a mix of both hedge deliveries and spot sales in the September 2009 quarter).
- The majority of depreciation and amortisation relating to the mining operations is calculated on the basis of the estimated economic life of the mine on a units of production basis. Accordingly, the charge of $8.2 million for the quarter is consistent with $32.5 million for the financial year ended 30 June 2010 given the relatively consistent mill throughput.
- Administration expenses of $2.4 million are consistent with previous quarters.
- Finance costs of $0.4 million are reducing in line with the reduction in debt outstanding.
- The unrealised gain on the gold hedge book for the September 2010 quarter was $19.1 million, a non-cash effect from marking-to-market the hedge book at 30 September 2010 of 246,500 ounces at a market price of $1,308/oz which provides a negative amount of $119.1 million, compared to the position at 30 June 2010 of 246,500 ounces at a market price of $1,241/oz which provides a negative amount of $100.0 million.

4. OPERATIONAL REVIEW

Sabodala Gold Operation (MDL interest – 90%)

		Quarterly Data				
		Sep 2010	June 2010	March 2010	Dec 2009	Sep 2009
Operating Data						
Ore mined	('000t)	364	877	708	820	807
Waste mined	('000t)	3,406	2,739	2,896	3,420	2,485
Total mined	('000t)	3,770	3,615	3,604	4,240	3,292
Strip ratio	waste/ore	9.4	3.1	4.1	4.2	3.1
Ore processed	('000t)	562	544	592	600	499
Head grade	(g/t)	2.04	2.31	2.05	2.63	3.66
Gold recovery	(%)	90.8	90.3	90.5	90.6	92.2
Gold produced [1]	(oz)	35,103	36,874	35,214	45,792	54,260
Gold sold	(oz)	42,830[2]	30,543	34,494	50,078[3]	57,443
Statistics						
Average price received	$/oz	1,243	916	924	941	890
Gross cash costs (per ounce produced) [4]	$/oz	581	541	575	532	382
Gross cash costs (per tonne processed) [4]	$/t	36	37	34	41	42
Total cash cost (per ounce sold) [5]	$/oz	496	532	444	405	323
Total cash margin [6]	$/oz	747	384	480	536	567

Notes:
1. Gold produced is gold poured and does not include gold-in-circuit at period end.
2. Includes 5,628 ounces shipped before period end but not converted into cash.
3. Includes 5,665 ounces shipped before period end but not converted to cash.
4. Gross cash operating cost excludes royalties and is calculated using ounces produced and dry tonnes processed.
5. Total cash cost represents the gross cash cost plus royalties as well as the effects of inventory adjustments.
6. Total cash margin is calculated using the average price received less the total cash cost (per ounce sold).

First (September 2010) Quarter

- Sabodala's September quarter production was 35,103 ounces at a gross cash cost (excluding royalties) of $581/oz.
- Total tonnes mined for the quarter was 3.8M tonnes, comprising 364K tonnes of ore and 3,406K tonnes of waste (at an above average strip ratio of 9.4:1 waste/ore). Ore tonnes mined and ore grade were below plan due to the inability for certain periods to mine in Phase 1 as a result of heavy rains from the annual wet season and pump breakdowns. A specialist drilling contractor commenced operations during the quarter (providing drilling services and maintenance support for the company owned drills), with improvements in drill availability already being seen.
- The majority of the additional mining equipment to increase mining capacity ahead of the planned plant expansion (from a nominal capacity of 2.0 million tonnes per annum (Mtpa) to approximately 4.0 Mtpa) is now at site and becoming operational.
- Mill throughput for the quarter was 561,632 tonnes, which was essentially in line with plan, however the head grade of 2.04 g/t was below plan due to increased reliance on ore from the ROM stockpile rather than ore from the pit.
- During the quarter all gold was sold into the spot market, as 53,000 ounces of hedges that were due for delivery in August 2010 and November 2010 have been rolled forward (or deferred) to 2013.

Outlook

Expected gold production from Sabodala for the 2011 financial year is approximately 130,000 ounces.

Gold Exploration

Regional Exploration

Exploration on the Regional land holding during the September quarter was limited as a result of the annual wet season. Work comprised:

- Geological modelling of the Gora deposit, which supported a preliminary inferred mineral resource estimate of 387,000 tonnes at 5.6 g/t Au for 70,000 ounces of gold at a 0.5 g/t Au cut off grade
- Commencement of RC drilling at the Diabougou prospect, with the intersection of a number of largely low grade intervals providing support for the concept of several parallel structures potentially making up the system. A number of deeper diamond drill holes are planned
- RAB drilling at Diegoun South, KA prospect and Zone ABC (in the Gora deposit area), which returned a number of low grade intercepts and further work is planned.

Note: RAB drilling results are not used for resource estimation and are an indication only for the presence or absence of gold.

Mine Lease Exploration

During the quarter, the focus was once again on the Sabodala Main Flat Extension to the north and Sutuba to the south of the Sabodala pit, as well the first holes into the Sambaya Hill prospect, located between the Masato deposit of Oromin and the Sabodala deposit.

Sabodala Main Flat Extension: Latest drill holes have confirmed a mineralized zone north of the pit. Intercepts appear to be a stepped-down extension of the main flat structure. Thus far the mineralization has been intercepted in 4 holes over a strike length of 160 meters. A follow up program will include further drilling along strike of known mineralization, as well as infill drilling.

Sutuba: An initial drill program was successful in geologically defining the high grade zones in southern sections of the Sutuba prospect. The NW trending shears occur in parallel sets, have a limited strike length, but in sections have sufficiently high grades to be potentially of economic significance. Resource definition is in process.

Sambaya Hill: An initial drill program has commenced to define the structural framework of the target, which is defined by a 1km long geochemical anomaly which coincides with an interpreted structural complexity along the Niakafiri structure.

5. CASH FLOW

The following table summarises our cash flow activities (in thousands of US$):

	Three-months ended 30 September	
	2010 US$'000	2009 US$'000
Cash flow		
Operating activities	12,890	21,019
Investing activities	(19,857)	(2,398)
Financing activities	8,402	(11,623)
Change in cash and cash equivalents during period	1,435	6,998
Cash and cash equivalents – beginning of period	13,832	18,173
Effect of exchange rates on cash holdings	1,486	658
Cash and cash equivalents – end of period	16,753	25,829

- Operating activities generated cash flows of $12.9 million in the September 2010 quarter with gold sale receivables of $7.4 million outstanding at 30 September 2010 and accounts payable having been reduced by $6.3 million during the quarter.
- Cash flow used in investing activities for the three months ended 30 September 2010 was $19.9 million, primarily comprising:
  - $5.0 million in relation to gold exploration activities around the Sabodala gold mine
  - $1.6 million associated with expenditure in relation to evaluation of the Grande Côte Mineral Sands Project
  - $12.8 million for capital expenditure, mostly relating to the purchase of additional mining equipment associated with the expansion of the Sabodala Gold operation.
- Cash flow provided by financing activities for the three months ended 30 September 2010 was $8.4 million, primarily comprising:
  - $6.0 million for repayment of the Project Finance Facility, offset by $16.2 million of proceeds from drawdowns under the increased Mining Fleet Lease facility (which had a balance of $25.0 million at 30 September 2010).

6. FINANCIAL POSITION

The following table summarises our financial position (in thousands of US$):

	As at 30 September 2010 US$'000	As at 30 June 2010 US$'000
Current assets	123,683	85,536
Non-current assets	420,663	408,233
Total assets	544,346	493,769
Current liabilities	49,599	75,020
Non-current liabilities	115,825	69,042
Total liabilities	165,424	144,062
Total equity	378,922	349,707

- Current assets have increased since 30 June 2010, increasing from $85.5 million to $123.7 million at 30 September 2010 primarily as a result of the investment in Oromin along with an increase in gold sale receivables, cash balances and inventory levels.
- Cash has increased from $13.8 million at 30 June 2010 to $16.8 million at 30 September 2010.
- Non-current assets increased to $420.7 million at 30 September 2010 from $408.2 million at 30 June 2010, primarily a function of the purchase of additional mining fleet for the Sabodala Gold operation.
- Current liabilities declined to $49.6 million at 30 September 2010 from $75.0 million at 30 June 2010, primarily a result of the reduction in accounts payable, full repayment of the project finance facility during the quarter and the decrease in the current portion of the mark-to-market position of gold hedges due to the deferral of 53,000 ounces due to be delivered in the current half to 2013.
- Non-current liabilities increased to $115.8 million at 30 September 2010 from $69.0 million at 30 June 2009, primarily a result of the increase in the mining fleet lease and the non-current portion of the liability recognised on marking-to-market the gold hedge position increasing significantly during the period (partly due to the increased gold spot price, and partly due to the deferral of 53,000 ounces of gold that were due to be delivered into the hedge book during the current half to 2013).
- As at 30 September 2010, the outstanding gold hedge position was 246,500 ounces of flat forward sales at $834 per ounce which, on mark-to-market (based on a gold price of $1,308 per ounce), equated to a negative position of $119.2 million (unrealised), compared to a negative position of $100.6 million at 30 June 2010 (based on 246,500 ounces and a gold price of $1,241 per ounce).
- Debt outstanding under the Project Finance Facility as at 30 September 2010 was $nil having been reduced from $6.0 million at 30 June 2010 through principal repayments.
- The balance outstanding under the Mining Fleet Lease facility as at 30 September 2010 was $25.0 million, having been increased from $10.4 million at 30 June 2010 with drawdowns under the amended facility for purchase of the additional mining fleet.
- Total equity increased to $378.9 million at 30 September 2010 from $349.7 million at 30 June 2010, primarily as a result of the issue of shares as consideration to the vendors of the shares purchased in Oromin.

7. LIQUIDITY AND CAPITAL RESOURCES

As at 30 September 2010, the Company had cash balances of $16.8 million.

The Company believes that its expected cash flow from operations, along with its cash holdings are sufficient to meet its 2011 obligations.

8. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Capital Expenditure Commitments

Capital expenditure commitments at 30 September 2010 included $1.0 million for the purchase of various items of mining equipment. It is intended that such equipment will mostly be financed through the mining fleet lease facility.

Exploration Commitments

The Company has minimum exploration commitments of $12.5 million payable over the next three years in respect of its exploration programmes. It is intended that such expenditure will be funded through existing cash resources and/or cash generated from operations.

Royalties

Pursuant to the Company's Mining Concession in relation to the Sabodala Gold Operation, a royalty of 3% is payable to the Government of Senegal based on the value of gold shipments, evaluated at the spot price on the shipment date.

Sabodala Operating commitments

The company faces commitments in respect of Sabodala. The company has agreed that the following amounts will be paid:

- $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 officers and mines Ministry.

9. FINANCIAL INSTRUMENTS

A condition of the Project Finance Facility provided by Macquarie Bank Limited was the establishment of gold forward sales contracts and oil energy swaps to manage exposure to commodity price risk.

Following a restructure late in 2008, a total of 399,000 ounces of gold were committed forward for delivery between May 2009 and February 2013 at a delivery price of $846 per ounce. Deliveries into the hedge position to date have reduced the hedge balance to 246,500 ounces at 30 September 2010. The mark-to-market of this hedge position (at a gold price of $1,308 per ounce) was negative $119.1 million.

During the quarter, 53,000 ounces of gold that were due to be delivered into the hedge book during the current half were deferred for delivery to 2013, resulting in the average delivery price of the hedge book being reduced to $834 per ounce.

The hedge agreement with respect to the oil price comprised an initial position of 80,000 barrels per annum for four years at a flat forward price of $70 per barrel. At 30 September 2010, 200,000 barrels were hedged with a positive value of $3.2 million.

10. SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

The table below shows selected unaudited financial data for each of the eight most recently completed quarters:

Three months ended	Sep 10	Jun 10	Mar 10	Dec 09	Sep 09	Jun 09	Mar 09	Dec 08
			Restated	Restated	Restated	Restated		
Revenue ($m)	53.2	28.1	32.1	47.3	51.3	43.5	3.6	60.4
Net income/(loss) ($m)	(0.4)	(14.1)	3.5	(15.4)	(0.1)	(6.7)	(28.6)	61.7
Decrease in costs of sales	-	-	3.2	7.0	1.0	6.9	-	-
Restated net income / (loss) ($m)	(0.4)	(14.1)	6.7	(8.4)	0.9	0.2	-	-
Basic net income/(loss) per share (cents)	(0.1)	(2.5)	1.2	(1.5)	0.2	0.0	(5.2)	12.8
Diluted net income/(loss) per share (cents)	(0.1)	(2.5)	1.2	(1.5)	0.2	0.0	(5.2)	12.7
Weighted average number of shares	589.0	574.2	573.6	569.6	563.4	555.4	548.2	483.9

11. CRITICAL ACCOUNTING JUDGEMENTS

The following are critical judgements that management has made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Ore reserves

The consolidated entity estimates its ore reserves based upon information compiled by Competent Persons as defined in accordance with the Australasian code for reporting Exploration Results, Mineral Resources and Ore Resources of December 2004 and Qualified Persons as defined in NI43-101. The estimated quantities of economically recoverable reserves are based upon interpretations of geological models and require assumptions to be made regarding factors such as estimates of short and long-term exchange rates, estimates of short and long-term commodity prices, future capital requirements and future operating performance. Changes in reported reserves estimates can impact the carrying value of property, plant and equipment, provision for rehabilitation obligations, the recognition of deferred tax assets, as well as the amount of depreciation and amortisation charged to the income statement.

12. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the consolidated interim financial statements for the three months ended 30 September 2010 are consistent with those adopted and disclosed in the Company's Annual Report for the financial year ended 30 June 2010.

13. INFORMATION ON OUTSTANDING SHARES

As at 15 November 2010, the Company had on issue 606,941,673 ordinary shares and 30,200,000 unlisted options to acquire ordinary shares at various exercise prices and expiry dates.

14. NON-IFRS FINANCIAL MEASURES

MDL provides some non-IFRS measures as supplementary information that management believes may be useful to investors to explain MDL's financial results.

A reconciliation of cash costs to operating costs in the financial statements is in the following table:

		September 2010 Quarter
Gold produced	(oz)	35,103
Mine production costs	($'000)	20,511
Other adjustments	($'000)	(110)
Gross operating cash costs	($'000)	20,401
Gross cash costs per ounce produced	$/oz	581
Gold sold	oz	42,830
Total cash cost of sales	($'000)	21,245
Total cash cost of sales per ounce sold	$/oz	496

15. DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures

MDL's Managing Director (as Chief Executive Officer ("CEO") of the company) and Chief Financial Officer ("CFO") are responsible for establishing and maintaining the Company's disclosure controls and procedures. Access to material information with respect to the Company is facilitated by the small size of the Company's senior management team. The CEO and CFO, after evaluating the effectiveness of the company's disclosure controls and procedures as of 30 September 2010, have concluded that the Company's disclosure controls and procedures were adequate and effective to ensure that material information relating to MDL and its subsidiaries would have been known to them and evaluated for possible disclosure to the market.

Internal controls over financial reporting

Management of the Company, with the participation of the CEO and the CFO, are responsible for establishing and maintaining adequate internal controls over financial reporting. The Company's internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes. There have been no significant changes in the Company's internal control over financial reporting or in other factors that could significantly affect internal controls.

16. RISKS AND UNCERTAINTIES

The Company is subject to various financial and operational risks and uncertainties that could have a significant impact on profitability and levels of operating cash flow. These risks and uncertainties 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.

Risks and uncertainties about the Company's business are more fully discussed in the Company's disclosure documents filed from time to time with the Canadian and Australian securities authorities. Readers should read MDL's financial statements for the financial years ended 30 June 2010 and 30 June 2009, the Annual Information Form for 2010 and technical reports filed on SEDAR (sedar.com) and any future amendments to such reports. Readers are also directed to the cautionary notices and disclaimers contained herein.

17. ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This MD&A has been prepared as of 15 November 2010. Additional information about the Company, including its Annual Financial Statements and Interim Financial Statements, is available on SEDAR at sedar.com and on the company's website at www.mineraldeposits.com.au.

18. COMPETENT/QUALIFIED PERSONS STATEMENT

The information in this MD&A that relates to Exploration Results is based on information compiled by MDL's Chief Geologist, Mr Chris Young BSc. who is a member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists.
Mr Young has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken. He is qualified as a "Competent Person" as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and a "Qualified Person" as defined in NI43-101. Mr. Young verified the data disclosed in this MD&A, including the sampling, analytical and test data underlying the information contained herein. Mr Young has consented to the inclusion of this information in the form and context in which it appears in this MD&A.

19. FORWARD LOOKING STATEMENTS

Certain information included in this MD&A, 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.