Mineral Deposits Limited

ABN 19 064 377 420

Consolidated Interim Financial Statements
for the three months ended 30 September 2010

Expressed in United States dollars unless otherwise stated

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This report does not include all the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. Accordingly, this report should be read in conjunction with the annual report of Mineral Deposits Limited for the year ended 30 June 2010. It is also recommended that this financial report be considered together with any public announcement made by Mineral Deposits Limited and its controlled entities during the period ended 30 September 2010, in accordance with the continuous disclosure requirements of the Corporations Act 2001, including its quarterly reports lodged with the Australian Securities Exchange ("ASX") and Toronto Stock Exchange ("TSX").

MINERAL DEPOSITS LIMITED
ABN 19 064 377 420
AND CONTROLLED ENTITIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2010 AND 2009
(UNAUDITED)

	Note	Three months ended 30 September 2010 US$'000	2009 US$'000
Revenue	4	53,234	51,237
Cost of sales	5	(29,450)	(32,115)
Gross profit		23,784	19,122
Other income	4	318	267
Administration expenses	5	(2,426)	(3,370)
Finance cost expense		(388)	(1,450)
Disposal of non-current assets		(1)	-
Net foreign exchange gain		(2,732)	(386)
Gold hedge unrealised losses		(19,082)	(13,008)
Oil hedge unrealised gain/(loss)		821	(1,433)
Profit/(loss) before tax		294	(258)
Income tax expense		(18)	(5,031)
Profit/(loss) for the period		276	(5,289)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		5,465	3,359
Gain on available for sale investment		1,874	-
Other comprehensive income for the period (net of tax)		7,339	3,359
Total comprehensive income/(loss) for the period		7,615	(1,930)
Profit attributable to:			
Owners of the parent		(368)	(4,980)
Non-controlling interest		644	(309)
Profit/(loss) for the period		276	(5,289)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		6,971	(1,621)
Non-controlling interest		644	(309)
		7,615	(1,930)
Earnings per share			
Basic earnings/(loss) per share (cents)		(0.06)	(0.88)
Diluted earnings/(loss) per share (cents)		(0.06)	(0.88)

Notes to the condensed consolidated interim financial statements are included on pages 5 to 16.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2010 AND 30 JUNE 2009
(UNAUDITED)

	Note	30 Sept 2010 US$'000	30 June 2010 US$'000
CURRENT ASSETS			
Cash and cash equivalents		16,753	13,832
Trade and other receivables		8,317	605
Inventories	7	70,713	66,970
Financial derivative assets	6	1,104	701
Other financial assets		23,002	-
Other		3,794	3,428
TOTAL CURRENT ASSETS		123,683	85,536
NON-CURRENT ASSETS			
Other receivables		251	251
Inventories	7	6,007	4,769
Financial derivative assets	6	2,047	1,629
Property, plant and equipment	8	227,997	220,958
Exploration and evaluation expenditure	9	16,058	12,363
Mine development expenditure	10	147,808	148,588
Capitalised mining convention and concession costs		20,085	19,277
Deferred tax assets		69	61
Intangible assets		341	337
TOTAL NON-CURRENT ASSETS		420,663	408,233
TOTAL ASSETS		544,346	493,769
CURRENT LIABILITIES			
Trade and other payables	11	13,774	20,048
Borrowings	13	7,000	16,433
Financial derivative liabilities	12	24,850	34,963
Current tax liabilities		536	536
Provisions		3,439	3,040
TOTAL CURRENT LIABILITIES		49,599	75,020
NON-CURRENT LIABILITIES			
Trade and other payables	11	1,649	1,476
Borrowings	13	17,417	-
Financial derivative liabilities	12	94,242	65,046
Deferred tax liabilities		231	231
Provisions		2,286	2,289
TOTAL NON-CURRENT LIABILITIES		115,825	69,042
TOTAL LIABILITIES		165,424	144,062
NET ASSETS		378,922	349,707
EQUITY			
Issued capital	16	406,386	384,849
Reserves		48,618	41,216
Accumulated losses		(76,240)	(75,872)
Equity attributable to owners of the parent		378,764	350,193
Non-controlling interest		158	(486)
TOTAL EQUITY		378,922	349,707

Notes to the condensed consolidated interim financial statements are included on pages 5 to 16.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2010 AND 2009
(UNAUDITED)

	Issued capital US$'000	Accumulated losses US$'000	Foreign currency translation reserve US$'000	Investments revaluation reserve US$'000	Equity-settled share-based payments reserve US$'000	Attributable to owners of the parent US$'000	Non-controlling interest US$'000	Total US$'000
Balance at 1 July 2009	375,869	(56,485)	28,912	-	10,162	358,458	1,252	359,710
Loss attributable to members of the consolidated entity	-	(4,980)	-	-	-	(4,980)	(309)	(5,289)
Exchange differences arising on translation of foreign operations	-	-	16,533	-	-	16,533	-	16,533
Exchange difference on inter-company loans	-	-	(13,174)	-	-	(13,174)	-	(13,174)
Total comprehensive income/(loss) for the period	-	(4,980)	3,359	-	-	(1,621)	(309)	(1,930)
Issue of options to directors and employees	-	-	-	-	182	182	-	182
De-recognition of deferred tax assets	(2,610)	-	-	-	-	(2,610)	-	(2,610)
Share issue costs	(11)	-	-	-	-	(11)	-	(11)
Balance at 30 September 2009	373,248	(61,465)	32,271	-	10,344	354,398	943	355,341
Balance at 1 July 2010	384,849	(75,872)	31,749	-	9,467	350,193	(486)	349,707
Profit/(loss) attributable to members of the consolidated entity	-	(368)	-	-	-	(368)	644	276
Gain on available for sale investments	-	-	-	1,874	-	1,874	-	1,874
Exchange difference on inter-company loans	-	-	5,465	-	-	5,465	-	5,465
Total comprehensive income/(loss) for the period	-	(368)	5,465	1,874	-	6,971	644	7,615
Issue of options to directors and employees	-	-	-	-	63	63	-	63
Shares issued during the year	21,563	-	-	-	-	21,563	-	21,563
Share issue costs	(26)	-	-	-	-	(26)	-	(26)
Balance at 30 September 2010	406,386	(76,240)	37,214	1,874	9,530	378,764	158	378,922

Notes to the condensed consolidated interim financial statements are included on pages 5 to 16.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2010 AND 2009
(UNAUDITED)

	Three months ended 30 September	
	2010 US$'000	2009 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	45,882	51,263
Payments to suppliers and employees	(32,621)	(29,361)
Interest and other costs of finance paid	(316)	(883)
Tax paid	(55)	-
Net cash provided by operating activities	12,890	21,019
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capitalised exploration and development expenditure	(6,563)	(1,278)
Payments for property, plant and equipment	(12,797)	(1,181)
Payments for other intangible assets	-	(1)
Proceeds from sale of property, plant & equipment	13	-
Interest received	39	62
Interest paid – capitalised borrowing costs	(499)	-
Advances to joint ventures	(50)	-
Net cash used in investing activities	(19,857)	(2,398)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment for share issue costs	(81)	(11)
Payment of monies held in trust	-	(108)
Proceeds from borrowings	16,233	-
Repayment of borrowings	(7,750)	(10,108)
Payment for security deposits	-	(1,396)
Net cash (used in)/provided by financing activities	8,402	(11,623)
Net increase in cash and cash equivalents held	1,435	6,998
Cash and cash equivalents at the beginning of the period	13,832	18,173
Effect of exchange rate changes on the balance of cash held in foreign currencies	1,486	658
Cash and cash equivalents at the end of the period	16,753	25,829

Notes to the condensed consolidated interim financial statements are included on pages 5 to 16.

CONDENSED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2010 AND 2009
(UNAUDITED)

1. GENERAL INFORMATION

Mineral Deposits Limited ("MDL" or the "company") is a company domiciled in Australia. The consolidated interim financial statements of the company as at and for the three months ended 30 September 2010 comprise the company and its domestic and foreign 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 2010 is available upon request from the company's registered office at Level 7, 530 Little Collins Street, Melbourne, Victoria 3000, Australia or at www.mineraldeposits.com.au or www.sedar.com.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The unaudited condensed consolidated interim financial statements are a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 '*Interim Financial Reporting'*. Compliance with AASB 134 ensures compliance with the International Financial Reporting Standards IAS 34 'Interim Financial Reporting'. The condensed interim financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent Annual Report.

Basis of Preparation

The condensed interim consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in 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 condensed interim financial report are rounded off to the nearest thousand dollars, unless otherwise stated.

The accounting policies and methods of computation adopted in the preparation of the condensed interim financial report are consistent with those adopted and disclosed in the company's Annual Report for the financial year ended 30 June 2010.

In the current year, the group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Boards ("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; and

- 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.

Estimates

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

In preparing this consolidated interim financial report, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2010.

Financial Risk Management

The group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report as at and for the year ended 30 June 2010.

CONDENSED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2010 AND 2009
(UNAUDITED)

3. SEGMENT INFORMATION

The company has adopted AASB8 Operating Segments and AASB2007-3 Amendments to Australian Accounting Standards arising from AASB8 with effect from 1 July 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 and exploration activities in Senegal in relation to the Sabodala Gold Mine 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. Costs incurred with respect to mineral sands exploration are capitalised and were transferred and included in development costs following the results of the DFS.

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

Segment revenue and results

The following is an analysis of the group's revenue and results from continuing operations by reportable segments:

	Segment Revenue		Segment Profit	
	3 months ended 30 September		3 months ended 30 September	
	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000
Continuing operations				
Gold division - operations				
Gold and silver sales	53,234	51,237	53,234	51,237
Cash cost of sales:				
Mine operating costs			(20,511)	(21,309)
Royalties			(1,540)	(1,657)
Change in inventories			946	(1,891)
Total cash cost of sales			(21,105)	(24,857)
Net cash income from mining activities				
Depreciation and amortisation			(8,205)	(7,258)
Rehabilitation			(140)	-
Net income from mining activities			23,784	19,122
Corporate administration expenses (i)			(2,426)	(3,370)
Operating profit before finance costs and tax			21,358	15,752
Gold hedge unrealised losses			(19,082)	(13,008)
Oil hedge unrealised (losses)/gains			821	(1,433)
Other income			318	267
Impairment/loss on disposal of fixed assets			(1)	-
Finance costs			(388)	(1,451)
Net foreign exchange losses			(2,732)	(386)
Total other expenses			(21,064)	(19,380)
Profit/(loss) before tax			294	(258)
Income tax expense			(18)	(5,031)
Profit/(loss) after tax			276	(5,289)
Profit/(loss) attributable to non-controlling interests			(644)	309
Consolidated segment revenue and loss for the period	53,234	51,237	(368)	(4,980)

(i) Includes administration costs associated with the mineral sands division.

CONDENSED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2010 AND 2009
(UNAUDITED)

Segment assets and liabilities

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

	Period ended	
	30 Sept 2010 US$'000	30 June 2010 US$'000
Assets		
Gold division	460,995	413,112
Mineral sands division	79,202	75,648
Total segment assets	540,197	488,760
Unallocated assets	4,149	5,009
Total assets	544,346	493,769
Liabilities		
Gold division	162,667	141,297
Mineral sands division	364	631
Total segment liabilities	163,031	141,928
Unallocated liabilities	2,393	2,134
Total liabilities	165,424	144,062

Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	30 Sept 2010 US$'000	30 Sept 2009 US$'000	30 Sept 2010 US$'000	30 Sept 2009 US$'000
Gold division	8,354	7,357	13,578	8,972
Mineral sands division	48	98	4	632
Total segment	8,402	7,455	13,582	9,604
Unallocated	74	29	7	88
Reversal accruals previously capitalised in property, plant and equipment	-	-	(333)	-
Total	8,476	7,484	13,256	9,692

Revenue from segment

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

	Period ended	
	30 Sept 2010 US$'000	30 Sept 2009 US$'000
Continuing operations		
Gold and silver sales	53,234	51,237
Other revenue from mineral sands division	2	18
Other revenue from gold division	252	113
Unallocated revenue	64	136
Total other revenue	318	267
Total revenue	53,768	51,504

Geographical information

The group operates in three geographical areas, predominantly in Senegal (West Africa), Australia and Mauritius.

The following is an analysis of the group's revenue and its non-current assets by geographical location:

	Revenue		Non-current assets	
	30 Sept 2010 US$'000	30 Sept 2009 US$'000	30 Sept 2010 US$'000	30 June 2010 US$'000
Republic of Senegal – gold	53,234	51,237	425,162	386,644
Republic of Senegal – mineral sands	-	18	66,709	65,887
Australia	64	136	36,370	13,130
Mauritius	254	113	16,105	28,108
Total	53,552	51,504	544,346	493,769

Information about major customers

Revenue from one customer amounted to $53.2 million (2009 - $51.2 million) arising from sales by the gold segment.

4. REVENUE

	Three months ended 30 September	
	2010 $'000	2009 $'000
The following items are relevant in explaining the financial result:		
Gold sales at spot price	53,234	55,524
Realised loss on gold forward contracts	-	(4,287)
	53,234	51,237
Interest revenue - bank	40	98
Other revenue:		
- rental income received	17	130
- net gain on disposal of non-current assets	-	3
- other	261	36
	318	267

CONDENSED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2010 AND 2009
(UNAUDITED)

5. PROFIT/(LOSS) FOR THE PERIOD

	Three months ended 30 September 2010 US$'000	2009 US$'000
Charing as expenses:		
Profit/(loss) for the period has been arrived at after (crediting)/charging the following:		
Cost of sales:		
- mine production costs	20,511	21,309
- depreciation and amortisation	8,205	7,258
- royalty expense	1,540	1,657
- rehabilitation provisions	140	-
- inventory movements	(946)	1,891
Total cost of sales	29,450	32,115
Depreciation of non-current assets:		
- land and buildings	171	22
- computer equipment and software	30	90
- office equipment	9	12
- motor vehicles	8	95
	218	219
Amortisation of intangible assets:		
- computer software	53	7
Employee benefits:		
- equity settled share based payments	73	194
- remuneration expenses	908	1,050
- post employment benefits – defined contributions	100	122
- provision for leave entitlements	32	182
	1,113	1,548
Administration and other overheads	1,042	1,596
Total administration expenses	2,426	3,370

6. FINANCIAL DERIVATIVE ASSETS

	30 Sept 2010 US$'000	30 June 2010 US$'000
(a) **Current**		
Oil energy swap– unrealised revaluation	1,104	701
(b) **Non-current**		
Oil energy swap – unrealised revaluation	2,047	1,629

CONDENSED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2010 AND 2009
(UNAUDITED)

7. INVENTORIES

		30 Sept 2010 US$'000	30 June 2010 US$'000
(a)	Current		
	Ore stockpiles – work in progress	45,210	40,856
	Gold in circuit	2,040	2,160
	Gold bullion	1,682	6,167
		48,932	49,183
	Diesel fuel	1,968	1,233
	Materials and supplies	16,438	14,651
	Goods in transit	3,375	1,903
		21,781	17,787
		70,713	66,970
(b)	Non-current		
	Ore stockpiles – work in progress	6,007	4,769

8. PROPERTY, PLANT AND EQUIPMENT

	30 Sept 2010 US$'000	30 June 2010 US$'000
Carrying amounts of each class:		
Land, buildings and property improvement	27,819	28,353
Plant and equipment	172,978	178,737
Office equipment	529	581
Motor vehicles	1,086	1,194
Plant and equipment under lease	25,585	12,093
	227,997	220,958

9. EXPLORATION AND EVALUATION EXPENDITURE

	3 months to 30 Sept 2010 US$'000	12 months to 30 June 2010 US$'000	3 months to 30 Sept 2009 US$'000
Costs carried forward in respect of areas of interest at cost	12,363	48,088	48,088
Expenditure incurred during the period	3,695	13,960	1,278
Amounts transferred to mine development in relation to Grand Cote	-	(49,865)	-
Net foreign currency exchange differences	-	-	767
	16,058	12,363	50,133

10. MINE DEVELOPMENT EXPENDITURE

	3 months to 30 Sept 2010 US$'000	12 months to 30 June 2010 US$'000	3 months to 30 Sept 2009 US$'000
Costs carried forward in respect of areas of interest at cost	148,588	107,211	107,211
Expenditure incurred during the period	1,335	77	-
Transfer from exploration and evaluation	-	49,685	-
Amortisation of mine development	(2,115)	(8,385)	(1,898)
	147,808	148,588	105,313

11. TRADE AND OTHER PAYABLES

	30 Sept 2010 US$'000	30 June 2010 US$'000
(a) Current		
Unsecured liabilities:		
Trade and other payables	6,144	14,770
Government royalties (i)	4,595	2,615
Amounts payable to Government of Senegal (ii)	3,035	2,663
	13,774	20,048
(b) Non-current		
Unsecured liabilities:		
Amounts payable to Government of Senegal (ii)	1,649	1,476

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

(ii) The following amount is payable to the Government of the Republic of Senegal:

- $4.1 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.

12. FINANCIAL DERIVATIVE LIABILITIES

	30 Sept 2010 US$'000	30 June 2010 US$'000
(a) Current		
Gold flat forwards – unrealised revaluation	24,850	34,963
(b) Non-current		
Gold flat forwards – unrealised revaluation	94,242	65,046

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

As at 30 September 2010, the outstanding hedge position was 246,500 ounces (30 June 2010 – 246,500 ounces) of flat forward sales at $834.20 (30 June 2010 - $846) per ounce. At 30 September 2010, the mark to market gold hedge position (gold price at $1,308) was negative $119.1 million (30 June 2010 - $100.0 million).

13. BORROWINGS

	30 Sept 2010 US$'000	30 June 2010 US$'000
(a) Current		
Secured – at amortised cost:		
- project finance facility (i)	-	6,000
- finance lease liabilities (ii)	7,000	10,542
- borrowing costs	-	(109)
	7,000	16,433
(b) Non-current		
Secured – at amortised cost:		
- finance lease liabilities (ii)	18,025	-
- borrowing costs	(608)	-
	17,417	-

(i) The Project Finance Facility provided by MBL for the Sabodala Gold Mine was repaid in full at period end (2010 - $6 million).

The facility and relationship with MBL will continue after full repayment of the loan amount due to the gold hedging program, a condition of the facility.

This facility was provided to and the funds drawn down by MDL's 90%-owned subsidiary Sabodala Gold Operations SA ("SGO"). The facility is secured by a fixed and floating charge over substantially all of SGO's assets.

(ii) The Mining Fleet Finance Lease Facility provided by Societe Generale London to MDL's subsidiary SGML (Capital) Limited had an outstanding balance of $24.4 million at period end (2010 - $10.4 million)

During the period, SGML (Capital) Limited refinanced the existing lease facility with Societe Generale London to expand the facility to allow for the purchase of new mining fleet. On 9 July 2010, an amended facility was concluded with a new limit of $27.8 million. This facility contains a quarterly repayment schedule concluding with the final repayment on 30 June 2013.

CONDENSED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2010 AND 2009
(UNAUDITED)

14. ISSUED CAPITAL

	30 Sept 2010 No.	30 Sep2010 US$'000	30 June 2010 No.	30 June 2010 US$'000
(a) Fully paid ordinary shares				
Paid up capital				
606,441,673 (2010 – 580,576,525) fully paid ordinary shares	606,441,673	406,386	580,576,525	384,849
At the beginning of the financial year	580,576,525	384,849	563,375,950	375,868
Shares issued during the year:				
- 16 October 2009	-	-	100,000	41
- 20 October 2009	-	-	4,500,000	2,859
- 18 November 2009	-	-	5,000,000	1,543
- 18 November 2009	-	-	500,000	304
- 18 November 2009	-	-	150,000	63
- 7 June 2010	-	-	2,450,575	1,918
- 30 June 2010	-	-	4,500,000	2,660
- 31 August 2010	24,870,335	20,733	-	-
- 31 August 2010	994,813	830	-	-
Transfer from share based equity reserve	-	-	-	1,326
Share issue costs	-	(26)	-	(87)
Related income tax	-	-	-	(1,646)
Total for the financial year	25,865,148	21,537	17,200,575	8,981
At the end of the financial year	606,441,673	406,386	580,576,525	384,849

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore the company does not have a limited amount of authorised capital and issued shares do not have a par value.

Fully paid ordinary shares carry one vote per share and a right to dividends.

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

(b) Share Options

As at 30 September 2010, 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
MDLAS	1 May 2006	1 May 2011	2.00	250,000
MDLAU	19 July 2007	18 July 2012	1.60	1,700,000
MDLAW	29 November 2007	29 November 2012	1.60	6,500,000
MDLAY	5 December 2007	5 December 2012	1.60	1,000,000
MDLAZ	10 April 2008	10 April 2011	1.40	10,000,000
MDLAA	1 July 2008	1 July 2011	1.40	10,000,000
MDLAB	30 June 2009	30 June 2014	0.75	750,000
				30,700,000

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

15. DIVIDENDS

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

16. COMMITMENT TO EXPENDITURE

(a) Capital Expenditure Commitments

Capital expenditure commitments outstanding at 30 September 2010 comprised:

	30 Sept 2010 US$'000	30 June 2010 US$'000
Grande Côte Mineral Sands Project	288	614
Sabodala Gold Project	2,585	989
Mining fleet	980	14,083
Not longer than one year	3,853	15,686

(b) Exploration Commitments

The company has minimum exploration commitments of $12.5 million over the next three years in respect of the Sabodala regional explorations programme.

(c) Sabodala Operating Commitments

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

- $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.

17. SUBSEQUENT EVENTS

On 23 August 2010, the company announced an update in relation to the separation of its two core assets, the Sabodala Gold Mine and the Grande Côte Mineral Sands Project, into two separate, publicly traded entities. After consideration of a number of factors, it is now currently proposed to demerge Sabodala, rather than Grande Côte, from MDL.

As part of the demerger, it is intended that:

- the shares held in the Sabodala holding companies and Oromin Explorations Ltd. are transferred to Teranga Gold Corporation ("Teranga"), a new Canadian-incorporated company, in exchange for shares in Teranga;
- 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; and
- a loan 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.

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 demerger is expected to be completed prior to the end of November 2010.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the financial year 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.

18. CONTINGENT LIABILITIES

(a) The company faces potential liabilities to its private Senegalese partners 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 during the entire period of validity of the Mining Convention, $500,000 for the pre-production and thereafter $400,000 during the period of production; and
- $50,000 per year of production on training of Directorate of Mines and Geology 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 was performed 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 30 September 2010.

19. ACQUISITIONS AND DISPOSALS

There were no subsidiaries acquired or disposed of during the period ended 30 September 2010.

20. RELATED PARTY TRANSACTIONS

(a) Transactions with other related parties

Transactions between MDL and its related parties:

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

Balances existed between the company and its related parties at period end:

	30 Sept 2010 US$	30 June 2010 US$
Balances at 30 September 2010		
MDL Gold Limited	311,125,377	255,904,326
MDL (Mining) Limited	115,786,450	101,137,180
HNFL (Holdings) Pty Ltd	1,613	1,425
Mineral Deposits (Operations) Pty Ltd	(55,417)	(48,939)
	426,858,023	356,993,992

Transactions between the group and its related parties:

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

- Technical assistance was provided by the company's subsidiary Mineral Deposits Mauritius Limited to its related party Grande Cote Operations SA. The company charged $158,915 (2009 – $179,096) in relation to the provision of these services in accordance with the Technical Fee Agreement.
- Technical assistance was provided by the company's subsidiary Sabodala Gold (Mauritius) Limited to its related party Sabodala Gold Operations SA. The company charged $1,601,879 (2009 – $2,043,769) in relation to the provision of these services in accordance with the Technical Fee Agreement.
- Contract drilling was provided by the company's subsidiary SGML (Capital) Limited to its related party Sabodala Mining Company SARL. The company charged $591,781 (2009 – $nil) in relation to the provision of these services.
- Interest was charged by the company's subsidiary SGML (Capital) Limited to its related party Sabodala Gold Operations SA. The company charged $214,910 (2009 – $nil) in relation to the mining fleet lease.

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

(b) Transactions with director related entities during the period

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

- Office accommodation/facilities and administrative support were provided by the consolidated entity at commercial rates to Flow Energy Limited of which Mr Nicholas Limb continues as a non-executive director. The company charged $15,678 (2009 – $15,134.15) (excluding GST) in relation to the provision of these services to 30 September 2010.
- Technical assistance, office accommodation/facilities and administrative support were provided by the consolidated entity at commercial rates to Stellar Resources Limited of which Dr David Isles continues as a director. The company charged $11,360 (2009 – $4,831) (excluding GST) in relation to the provision of these services to 30 September 2010.

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) (resigned 9 November 2010)
James (Murray) Grant (non-executive)

COMPANY SECRETARY

Melvyn Drummond

REGISTERED OFFICE

Level 7 Exchange Tower
530 Little Collins Street
Melbourne, Victoria 3000
Australia

Telephone: +61 3 9909 7633
Facsimile: +61 3 9621 1460
E-mail: mdlmail@mineraldeposits.com.au
Website: www.mineraldeposits.com.au

TORONTO OFFICE

Suite 301
155 University Avenue
Toronto, Ontario M5H 3B7
Canada

Telephone: +1 416 361 6196
Facsimile: +1 416 361 9131

SENEGAL OFFICE

Rue 26, N'Gor
Dakar
Senegal

Telephone: +221 338 693 181
Facsimile: +221 338 603 683

SHARE REGISTRIES

Computershare Investor Services Pty Ltd
452 Johnston Street
Abbotsford, Victoria 3067
Australia

Telephone: 1300 850 505
Facsimile: +61 3 9473 2500

Computershare Trust Company of Canada
100 University Avenue, 9th Floor
Toronto, Ontario M5J 2Y1
Canada

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

TAX AGENTS AND ADVISERS

Deloitte Growth Solutions Pty Ltd
550 Bourke Street
Melbourne, Victoria 3000
Australia

AUDITOR

Deloitte Touche Tohmatsu
550 Bourke Street
Melbourne, Victoria 3000
Australia

SOLICITORS

Minter Ellison
Level 23, 525 Collins Street
Melbourne, Victoria 3000
Australia

BANKERS

Westpac Banking Corporation
360 Collins Street
Melbourne, Victoria 3000
Australia

Macquarie Bank Limited
1 Martin Place
Sydney, New South Wales 2000
Australia

Société Générale de Banques au Sénégal
19 avenue Léopold
Sédar Senghor, BP 323
Dakar
Senegal

HOME EXCHANGES

Australian Securities Exchange
Level 45, South Tower
Rialto
525 Collins Street
Melbourne, Victoria 3000
Australia

Trading Code: MDL

Toronto Stock Exchange
The Exchange Tower, 3rd Floor
130 King Street West
Toronto, Ontario M5X 1J2
Canada

Trading Code: MDM