

The key event during the December 2010 quarter was the completion of the demerger of the Sabodala gold assets from the company.

DEMERGER

The demerger comprised:

- The shares held in the Sabodala holding companies and Oromin Explorations Ltd. together with an inter-corporate receivable being transferred to Teranga Gold Corporation ("Teranga"), a new Canadian-incorporated company, in exchange for 200,000,000 shares in Teranga and C\$50 million in deferred consideration; and
- MDL distributing 160,000,262 of the Teranga shares to MDL shareholders on a proportional basis by way of an in specie distribution – which comprised an exchange ratio of 0.2632917 of a Teranga share for every one MDL share held (pre the consolidation of MDL shares).

In conjunction with the demerger, Teranga undertook public offerings which involved the issue of a total of 45.6 million new common shares, raising gross proceeds of C\$136.5 million.

C\$50 million of the equity proceeds raised by Teranga was paid to MDL in satisfaction of the deferred consideration payable as part of the demerger.

Teranga also became listed on the Toronto Stock Exchange (code TGZ) and the Australian Securities Exchange (code TGZ).

The final piece of the corporate reorganisation involved the consolidation of the Mineral Deposits shares on a 1 for 10 basis.

Following all of the above, MDL shareholders now own:

- (1) their shares in MDL (which have been consolidated on a 1:10 basis) – which owns the Grande Côte Mineral Sands Project, approximately 40M Teranga shares and has approximately \$59 million in cash and cash equivalents; and
- (2) shares in Teranga – which owns the Sabodala Gold Project in Senegal, West Africa.

Production results of the Sabodala Gold Project for the December 2010 quarter are separately reported by Teranga.

GRANDE CÔTE MINERAL SANDS PROJECT

With the demerger of the Sabodala gold assets from the MDL, the prime focus now for the company is the development of the Grande Côte Mineral Sands Project, located in Senegal, West Africa.

MDL completed the independent Definitive Bankable Feasibility Study in 2010. The project is now fully permitted and all fiscal arrangements with the Government have been completed. The feasibility study estimated the capital cost at US\$406m.

The project is now ready to begin the development phase. It is anticipated that final board approval to commit to the development of the project will be given during the current quarter and actual on-ground construction works will commence in the next quarter. The construction and commissioning period is approximately two years. On completion, the project is expected to produce approximately 7% of the world's zircon production and approximately 5% of the world's ilmenite (a titanium mineral) production.

In the last quarter and continuing are various pre-production planning activities. These include

- key staff appointment processes;
- selection process for the provision of engineering services – expected to be completed within 6 to 8 weeks;
- construction scheduling, IT and financial management systems planning; and
- environmental and social management plan development.

In addition, an extensive process with a number of Development Finance Institutions (**DFIs**) and Export Credit Agencies (**ECAs**) has been underway for some time with a view to mandating a group of lenders to provide the senior project finance for the design, construction, commissioning and operation of the project. The goal is to finalise during the current quarter an indicative term sheet and commence the due diligence and the loan documentation with a view to being in a position late 2011 to be able to draw upon those facilities which will ultimately form a significant part of the finance package.

FINANCE

At 31 December 2010:

- cash and cash equivalents were US\$59.3m; and
- debt was zero.

CORPORATE INFORMATION

Corporate Directory

Directors

Nic Limb, Executive Chairman
Jeff Williams, Managing Director
Martin Ackland, Executive Director
Clever Fonseca, Executive Director
Robert Danchin, Deputy Chairman, Non-Executive Director
David Isles, Non-Executive Director
Murray Grant, Non-Executive Director

Senior Management

Rick Sharp, Chief Financial Officer
Kathryn Davies, Company Secretary

Registered Office

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Senegal Office

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 Dakar, Senegal
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 F: +221 338 603 683

Auditor

Deloitte Touche Tohmatsu

Share Registries

Australia: Computershare Investor Services Pty Ltd
 T: 1300 850 505
 Canada: Computershare Trust Company of Canada
 T: +1 800 564 6253

Stock Exchange Listings

Australian Securities Exchange, ASX code: **MDL**
 Toronto Stock Exchange, TSX code: **MDM**

Issued Capital

Issued shares	60,768,582
Unlisted options	2,945,000

About MDL

Mineral Deposits Limited is an ASX and TSX listed mining company which is developing the Grande Côte Mineral Sands Project in Senegal, West Africa

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 large scale of the ore body and the high quality of the zircon provides the potential to establish an operation of international significance.

Senegal is one of Africa's most successful democracies, having gained independence in 1960. It enjoys a stable and investor friendly political and social environment. The government of the Republic of Senegal is MDL's valued partner and holds a 10% free carried interest in the project, which will accrue dividends once MDL has recovered its capital invested.

Forward Looking Statements

Certain information contained in this report, including any information on MDL's plans or future financial or operating performance and other statements that express management's expectations or estimates of future performance, constitute forward-looking statements. Such statements are based on a number of estimates and assumptions that, while considered reasonable by management at the time, are subject to significant business, economic and competitive uncertainties. MDL cautions that such 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. These factors include the inherent risks involved in exploration and development of mineral properties, changes in economic conditions, changes in the worldwide price of zircon, ilmenite and other key inputs, changes in mine plans and other factors, such as project execution delays, many of which are beyond the control of MDL. Nothing in this report should be construed as either an offer to sell or a solicitation to buy or sell MDL securities.

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Mineral Deposit Limited's Chief Geologist, 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 as defined in NI43-101. Mr Young has consented to the inclusion of this information in the form and context in which it appears in this report.

For further information please contact:

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