



Mineral Deposits Limited

ABN 19 064 377 420

**Consolidated Interim Financial Statements
for the nine months ended 31 March 2011**

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

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

AND CONTROLLED ENTITIES

CONTENTS

	<u>Page No.</u>
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME	1
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION	2
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY	3
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS	4
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	5
CORPORATE DIRECTORY	15

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 31 March 2011, 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 AND NINE MONTHS ENDED 31 MARCH 2011 AND 2010
(UNAUDITED)**

	Note	Three months ended 31 March		Nine months ended 31 March	
		2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000
Other income	4	688	219	1,008	1,325
Administration expenses	5	(2,637)	(1,974)	(6,846)	(6,826)
Loss on disposal on non-current assets		(275)	(3)	(276)	(3)
Exploration expenditure written off		-	-	-	(5)
Net foreign exchange losses		(2,209)	(7,694)	(35,429)	(31,602)
Profit on disposal of interest in gold division	5	-	-	315,173	-
Profit/(loss) before tax		(4,433)	(9,452)	273,630	(37,111)
Income tax benefit/(expense)		-	(404)	(24)	(5,396)
Profit/(loss) from continuing operation		(4,433)	(9,856)	273,606	(42,507)
Profit/(loss) from discontinued operation	3	-	13,474	(13,935)	28,683
Profit/(loss) for the period		(4,433)	3,618	259,671	(13,824)
Other comprehensive income/(loss):					
Exchange differences arising on translation of foreign operations				55,354	58,888
Exchange difference on inter-company loans				(41,195)	(57,694)
Gain on available for sale investment				63,867	-
Other comprehensive income for the period				78,026	1,194
Total comprehensive income/(loss) for the period				337,697	(12,630)
Profit/(loss) attributable to:					
Owners of the parent				261,053	(12,092)
Non-controlling interests				(1,382)	(1,732)
Profit/(loss) for the period				259,671	(13,824)
Total comprehensive income/(loss) attributable to:					
Owners of the parent				339,079	(10,898)
Non-controlling interests				(1,382)	(1,732)
				337,697	(12,630)
Earnings per share – continuing and discontinued operations					
Basic earnings per share (cents)				434.2	(21.3)
Diluted earnings per share (cents)				434.2	(21.3)
Earnings per share – continuing operations					
Basic earnings per share (cents)				457.4	(71.7)
Diluted earnings per share (cents)				457.4	(71.7)

Notes to the condensed consolidated interim financial statements are included on pages 5 to 14.

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

AND CONTROLLED ENTITIES

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011 AND 30 JUNE 2010
(UNAUDITED)**

	Note	31 Mar 2011 US\$'000	30 June 2010 US\$'000
CURRENT ASSETS			
Cash and cash equivalents		54,491	13,832
Trade and other receivables		895	605
Inventories	6	-	66,970
Financial derivative assets	7	-	701
Other financial assets	8	104,347	-
Other	9	2,038	3,428
TOTAL CURRENT ASSETS		161,771	85,536
NON-CURRENT ASSETS			
Other receivables		251	251
Inventories	6	-	4,769
Financial derivative assets	7	-	1,629
Property, plant and equipment	10	15,565	220,958
Exploration and evaluation expenditure		19	12,363
Mine development expenditure	11	52,555	148,588
Capitalised mining convention and concession costs		10,213	19,277
Deferred tax assets		-	61
Intangible assets		82	337
TOTAL NON-CURRENT ASSETS		78,685	408,233
TOTAL ASSETS		240,456	493,769
CURRENT LIABILITIES			
Trade and other payables	12	537	20,048
Borrowings	13	-	16,433
Financial derivative liabilities	14	-	34,963
Current tax payable		51	536
Provisions		1,935	3,040
TOTAL CURRENT LIABILITIES		2,523	75,020
NON-CURRENT LIABILITIES			
Trade and other payables	12	-	1,476
Financial derivative liabilities	14	-	65,046
Deferred tax liabilities		-	231
Provisions		47	2,289
TOTAL NON-CURRENT LIABILITIES		47	69,042
TOTAL LIABILITIES		2,570	144,062
NET ASSETS		237,886	349,707
EQUITY			
Issued capital	15	219,211	384,849
Reserves		134,461	41,216
Accumulated losses		(115,820)	(75,872)
Equity attributable to owners of the parent		237,852	350,193
Non-controlling interest		34	(486)
TOTAL EQUITY		237,886	349,707

Notes to the condensed consolidated interim financial statements are included on pages 5 to 14.

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

AND CONTROLLED ENTITIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 31 MARCH 2011 AND 2010
(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	375,868	(56,484)	28,912	-	10,162	358,458	1,252	359,710
Loss for the period	-	(12,092)	-	-	-	(12,092)	(1,732)	(13,824)
Exchange difference arising on translation of foreign operations	-	-	58,888	-	-	58,888	-	58,888
Exchange difference on inter-company loans	-	-	(57,694)	-	-	(57,694)	-	(57,694)
Total comprehensive income for the period	-	(12,092)	1,194	-	-	(10,898)	(1,732)	(12,630)
Issue of options to directors and employees	-	-	-	-	482	482	-	482
Issue of minority interest	-	-	-	-	-	-	20	20
Transfer from equity settled share based payment reserve	722	-	-	-	(722)	-	-	-
Exercise of options during period	4,809	-	-	-	-	4,809	-	4,809
Shares issue costs	(70)	-	-	-	-	(70)	-	(70)
De-recognition of deferred tax assets	(2,609)	-	-	-	-	(2,609)	-	(2,609)
Balance at 31 March 2010	378,720	(68,576)	30,106	-	9,922	350,172	(460)	349,712
Balance at 1 July 2010	384,849	(75,872)	31,749	-	9,467	350,193	(486)	349,707
Profit for the period	-	261,053	-	-	-	261,053	(1,382)	259,671
Exchange difference arising on translation of foreign operations	-	-	55,354	-	-	55,354	-	55,354
Exchange difference on inter-company loans	-	-	(41,195)	-	-	(41,195)	-	(41,195)
Gain on available for sale investments	-	-	-	63,867	-	63,867	-	63,867
Total comprehensive income for the period	-	261,053	14,159	63,867	-	339,079	(1,382)	337,697
Issue of options to directors and employees	-	-	-	-	208	208	-	208
Transfer from equity settled share based payment reserve	400	-	-	-	(400)	-	-	-
Exercise of options during period	965	-	-	-	-	965	-	965
Shares issue costs	(11)	-	-	-	-	(11)	-	(11)
Issue of shares in relation to acquisition of investment in Oromin Explorations Ltd.	21,563	-	-	-	-	21,563	-	21,563
In-specie distribution	(188,555)	(301,001)	15,411	-	-	(474,145)	1,902	(472,243)
Balance at 31 March 2011	219,211	(115,820)	61,319	63,867	9,275	237,852	34	237,886

Notes to the condensed consolidated interim financial statements are included on pages 5 to 14.

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

AND CONTROLLED ENTITIES

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED 31 MARCH 2011 AND 2010
(UNAUDITED)**

	Three months ended 31 March		Nine months ended 31 March	
	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	461	37,225	71,381	130,691
Payments to suppliers and employees	(3,821)	(22,021)	(51,018)	(81,894)
Interest and other costs of finance paid	-	(184)	(505)	(1,729)
Income tax paid	(2)	(338)	(97)	(916)
Net cash (used in)/provided by operating activities	(3,362)	14,682	19,761	46,152
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for capitalised exploration and development expenditure	(1,787)	(9,077)	(10,512)	(13,727)
Payment for construction costs	-	-	(978)	-
Payments for property, plant and equipment	(64)	(1,094)	(17,198)	(3,570)
Payments for other intangible assets	(1)	-	(2)	(73)
Proceeds from sale of fixed assets	92	3	174	3
Proceeds from sale of investment securities, net of cash disposed	-	-	35,963	-
Payment for security deposits	-	(125)	-	(1,500)
Interest received	484	51	708	177
Interest paid capitalised borrowing costs	-	-	(608)	-
Advance to joint venture	-	-	(200)	-
Proceeds from related parties	134	-	134	-
Advances to related parties	-	-	(99)	-
Net cash provided by (used in) investing activities	(1,142)	(10,242)	7,382	(18,690)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of equity securities	-	-	965	5,531
Proceeds from non-controlling interest	-	19	-	19
Payment for share issue costs	(5)	(31)	(814)	(70)
Payment of monies held in trust	-	-	-	(115)
Proceeds from borrowing	-	-	16,565	-
Repayment of borrowings	-	(11,110)	(7,751)	(32,326)
Net cash provided by (used in) financing activities	(5)	(11,122)	8,965	(26,961)
Net increase/(decrease) in cash and cash equivalents held	(4,509)	(6,682)	36,108	501
Cash and cash equivalents at the beginning of the period	59,331	25,358	13,833	18,173
Effect of exchange rates on cash holdings in foreign currencies	(331)	130	4,550	132
Cash and cash equivalents at the end of the period	54,491	18,806	54,491	18,806

Notes to the condensed consolidated interim financial statements are included on pages 5 to 14.

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

AND CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED 31 MARCH 2011 AND 2010 (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 31 March 2011 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 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 interim consolidated financial statements are a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with the International Financial Reporting Standards IAS 34 'Interim Financial Reporting'. The condensed interim financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent Annual Report.

Basis of Preparation

The condensed interim consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in 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 period, the company 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 reporting period.

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 that disclosed in the consolidated financial report as at and for the year ended 30 June 2010.

3. SEGMENT INFORMATION

AASB8 requires operating segments to be identified on the basis of internal reports about components of the company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The company's reportable segments under AASB8 can be separated as follows:

- **continuing operations** - mineral sands activities incorporate exploration and development activities in Senegal in relation to the Grande Côte Mineral Sands Project; and
- **discontinued operations** - 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.

'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.

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

AND CONTROLLED ENTITIES

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED 31 MARCH 2011 AND 2010
(UNAUDITED)**

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

	Revenue		Segment Profit	
	Nine months ended 31 March		Nine months ended 31 March	
	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000
Continuing operations				
Mineral sands division	-	-	-	-
Other	1,008	1,325	(41,543)	(37,111)
Operating profit/(loss) before other income/(expenses)			(41,543)	(37,111)
Profit recognised on disposal of gold division			315,173	-
Profit/(loss) before tax			273,630	(37,111)
Income tax expense (continuing operations)			(24)	(5,396)
Consolidated segment revenue and profit for the period from continuing operations	1,008	1,325	273,606	(42,507)
Discontinued operations				
Gold division				
Gold and silver sales	77,699	130,422	77,699	130,422
Cash cost of sales:				
Mine operating costs			(38,323)	(64,683)
Royalties			(2,091)	(4,446)
Change in inventories			2,740	(1,746)
Total cash costs of sales			(37,674)	(70,875)
Net cash income from mining operations			40,025	59,547
Depreciation			(15,728)	(24,010)
Rehabilitation			(187)	-
Net income from mining operations			24,110	35,537
Corporate administration expenses			(747)	(2,299)
Operating profit before finance costs and tax			23,363	33,238
Gold hedge unrealised losses			(37,838)	(31,761)
Oil hedge unrealised gains			1,553	1,089
Other income/(expense)			6	(789)
Finance costs			(767)	(3,473)
Net foreign exchange losses			(210)	30,738
Total other income/(expenses)			(37,256)	(4,196)
Profit/(loss) before tax			(13,893)	29,042
Income tax expense (discontinued operations)			(42)	(359)
Consolidated segment revenue and profit for the period from discontinued operations	77,699	130,422	(13,935)	28,683

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

	Period ended	
	31 Mar 2011 US\$'000	30 June 2010 US\$'000
Gold division (discontinued)	-	413,112
Mineral sands division	80,014	75,648
Total segment assets	80,014	488,760
Unallocated assets (cash and securities)	160,442	5,009
Total assets	240,456	493,769

The group's operating segments above include the assets of the gold division disposed of on 3 December 2010.

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

AND CONTROLLED ENTITIES

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED 31 MARCH 2011 AND 2010
(UNAUDITED)**

	Three months ended 31 March		Nine months ended 31 March	
	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000
4. REVENUE				
Continuing operations				
Interest revenue - bank	481	51	686	207
Other revenue:				
- rental received	21	71	49	321
- other	180	97	264	794
Gain from sale of fixed assets	6	-	9	3
	<u>688</u>	<u>219</u>	<u>1,008</u>	<u>1,325</u>
5. RESULTS FOR THE PERIOD				
Continuing operations				
Depreciation of non-current assets:				
- land, buildings & property improvements	22	21	66	66
- plant and equipment	-	44	-	130
- office furniture	7	10	25	34
- computer equipment and software	29	31	90	96
- motor vehicles	7	11	23	34
	<u>65</u>	<u>117</u>	<u>204</u>	<u>360</u>
Amortisation of intangible assets:				
- computer software	16	13	51	36
Employee benefits:				
- equity settled share based payments	60	172	256	540
- remuneration expense	1,850	726	3,941	3,239
- post employment benefits – defined contributions	128	78	329	282
- provision for leave entitlements	(69)	54	(21)	44
	<u>1,969</u>	<u>1,030</u>	<u>4,505</u>	<u>4,105</u>
Administration and other overheads	<u>587</u>	<u>814</u>	<u>2,086</u>	<u>2,325</u>
Total administration expenses	<u>2,637</u>	<u>1,974</u>	<u>6,846</u>	<u>6,826</u>
Profit on disposal of interest in gold division:				
- profit on sale of investment in Sabodala Gold (Mauritius) Limited and SGML (Capital) Limited	-	-	24,952	-
- profit on in-specie distribution of 160,000,262 shares in Teranga Gold Corporation to MDL shareholders	-	-	290,221	-
	<u>-</u>	<u>-</u>	<u>315,173</u>	<u>-</u>

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

AND CONTROLLED ENTITIES

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED 31 MARCH 2011 AND 2010
(UNAUDITED)**

	Period ended	
	31 Mar 2011 US\$'000	30 June 2010 US\$'000
6. INVENTORIES		
Current		
Ore stockpiles	-	40,856
Gold in circuit	-	2,160
Gold bullion	-	6,167
Total gold inventories	-	49,183
Diesel fuels	-	1,233
Materials and supplies	-	14,651
Goods in transit	-	1,903
Total other inventories	-	17,787
	-	66,970
Non-Current		
Ore stockpiles	-	4,769
7. DERIVATIVE FINANCIAL ASSETS		
Current		
Oil – energy swap	-	701
Non-Current		
Oil – energy swap	-	1,629
8. OTHER FINANCIAL ASSETS		
Current		
Available for sale investments carried at fair value		
- shares in listed companies – Teranga Gold Corporation	104,347	-
9. OTHER ASSETS		
Current		
Prepayments	1,845	1,596
Security deposit	193	1,832
	2,038	3,428
10. PROPERTY, PLANT AND EQUIPMENT		
Carrying amounts of each class:		
Land, buildings and property improvements	620	28,353
Plant and equipment	14,631	178,737
Office equipment	203	581
Motor vehicles	111	1,194
Plant and equipment under lease	-	12,093
	15,565	220,958

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

AND CONTROLLED ENTITIES

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED 31 MARCH 2011 AND 2010
(UNAUDITED)**

	Period ended	
	31 Mar 2011	30 June 2010
	US\$'000	US\$'000
11. MINE DEVELOPMENT EXPENDITURE		
Costs carried forward in respect of areas of interest at cost	52,555	159,705
Accumulated amortisation	-	(11,117)
	<u>52,555</u>	<u>148,588</u>
12. TRADE AND OTHER PAYABLES		
Current		
Unsecured liabilities		
- trade payables (i)	90	7,544
- sundry creditors and accrued expenses	447	7,226
- government royalties	-	2,615
- amounts payable to Government of Senegal	-	2,663
	<u>537</u>	<u>20,048</u>
Non-current		
Unsecured liabilities		
- amounts payable to Government of Senegal	-	1,476
	<u>-</u>	<u>1,476</u>
(i) Trade payables comprise obligations by the company to suppliers of goods and services to the company. Terms are generally 30 days.		
13. BORROWINGS		
Current		
<i>Secured – at amortised cost</i>		
Project Finance Facility		
- project finance facility	-	6,000
Finance Lease Liabilities		
- finance lease liabilities	-	10,542
- borrowing costs	-	(109)
	<u>-</u>	<u>16,433</u>
14. DERIVATIVE FINANCIAL LIABILITIES		
Current		
Gold flat forward contracts	-	34,963
	<u>-</u>	<u>34,963</u>
Non-Current		
Gold flat forward contracts	-	65,046
	<u>-</u>	<u>65,046</u>

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

AND CONTROLLED ENTITIES

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED 31 MARCH 2011 AND 2010
(UNAUDITED)****15. ISSUED CAPITAL**

	31 Mar 2011 No.	31 Mar 2011 US\$'000	30 June 2010 No.	30 June 2010 US\$'000
(a) Movement in fully paid ordinary shares	60,768,582	219,211	580,576,525	384,849
At the beginning of the period	580,576,525	384,849	563,375,950	375,868
Shares issued during the period:				
- 16 October 2009	-	-	100,000	41
- 20 October 2009	-	-	4,500,000	2,859
- 18 November 2009	-	-	5,650,000	1,910
- 7 June 2010	-	-	2,450,575	1,918
- 30 June 2010	-	-	4,500,000	2,660
- 30 August 2010	25,865,148	21,563	-	-
- 29 October 2010	500,000	415	-	-
- 24 November 2010	750,000	550	-	-
- 3 December 2010				
- Reduction from share consolidation (1:10 basis)	(546,923,091)	-	-	-
- Reduction of capital and in-specie distribution	-	(188,555)	-	-
Transferred from share based equity reserve	-	400	-	1,326
Less costs associated with exercise of options and share issue	-	(11)	-	(87)
De-recognition of deferred tax assets	-	-	-	(1,646)
Total for the period	(519,807,943)	(165,638)	17,200,575	8,981
At the end of the period	60,768,582	219,211	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.

- On 30 August 2010, 24,870,335 ordinary shares were issued as consideration for shares acquired in TSX listed company Oromin Explorations Ltd as well as an additional 994,813 ordinary shares to GMP Securities Europe LLP as financial advisers to the share purchase, all at A\$0.93 per share.
- On 29 October 2010, 500,000 ordinary shares were issued to a company director following the exercise of share options at an exercise price of \$A0.85 (MDLAQ). These options were exercisable at any time up to 23 November 2012.
- On 24 November 2010, 750,000 ordinary shares were issued to senior personnel following the exercise of share options at an exercise price of \$A0.75 (MDLAB). These options were exercisable at any time up to 30 June 2014.

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

AND CONTROLLED ENTITIES

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED 31 MARCH 2011 AND 2010
(UNAUDITED)****(b) Share Options**

As at 31 March 2011, the following unissued ordinary shares of the company under option were outstanding:

ASX Code	Issue Date	Expiry Date	Restated post capital reduction and share consolidation (1:10 basis)	
			Exercise Price A\$	No.
MDLAA	1 July 2008	1 July 2011	10.78	1,000,000
MDLAS	1 May 2006	1 May 2011	16.78	25,000
MDLAU	19 July 2007	18 July 2012	12.78	45,000
MDLAW	29 November 2007	29 November 2012	12.78	550,000
MDLAY	5 December 2007	5 December 2012	12.78	100,000
MDLAZ	10 April 2008	10 April 2011	10.78	1,000,000
				2,720,000

During the quarter, the following share options were forfeited:

ASX Code	Issue Date	Forfeit Date	Price at forfeit date	
			A\$	No.
MDLAU	19 July 2007	10 February 2011	5.94	100,000
MDLAU	19 July 2007	9 March 2011	5.25	25,000
				125,000

No share options were issued to directors, senior personnel or employees since period end.

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.

16. DIVIDENDS

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

17. COMMITMENTS**(a) Capital Expenditure Commitments**

The group is developing the Grande Côte Mineral Sands Project. Capital expenditure commitments contracted but not provided for and payable within one year at 31 March 2011 totalled \$849,100 (30 June 2010 - \$409,000).

(b) Exploration Commitments

There are no exploration expenditure commitments outstanding for the Grande Côte Mineral Sands Project.

18. SUBSEQUENT EVENTS

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

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

AND CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED 31 MARCH 2011 AND 2010 (UNAUDITED)

19. 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 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's subsidiary, Mineral Deposits (Operations) Pty Ltd, 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 the 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 March 2011.

20. ACQUISITION OF SUBSIDIARY

There were no acquisitions during the quarter ended 31 March 2011.

However, on 1 October 2010, the company established Teranga Gold Corporation, a Canadian incorporated entity, to facilitate the disposal of the company's gold operations in Senegal. The company subscribed for all 100 shares in the entity at C\$1.00 per share.

21. DISPOSAL OF SUBSIDIARY

On 23 November 2010, the company disposed of its interests in Sabodala Gold (Mauritius) Limited and SGML (Capital) Limited to Teranga Gold Corporation. The company received 200,000,000 shares in Teranga Gold Corporation and C\$50 million as consideration for these interests. As part of the disposal transaction, an in-specie distribution of 160,000,262 shares in Teranga Gold Corporation to current MDL shareholders was completed on 3 December 2010.

The profit/(loss) for the period from the discontinued operation is analysed as follows:

	Period ended 3 Dec 2010 US\$'000	Nine months ended 31 Mar 2010 US\$'000
Profit/(loss) of Sabodala Gold (Mauritius) Limited and SGML (Capital) Limited for the period	(13,935)	28,683
Gain on disposal of Sabodala Gold (Mauritius) Limited and SGML (Capital) Limited	24,952	-
Gain on disposal of the abovementioned entities and in-specie distribution	290,221	-
	<hr/>	<hr/>
	301,238	28,683

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

AND CONTROLLED ENTITIES

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED 31 MARCH 2011 AND 2010
(UNAUDITED)**

Following are the results of the gold business for the period:

	Period ended 3 Dec 2010 US\$'000	Nine months ended 31 Mar 2010 US\$'000
Revenue	77,699	130,422
Operating expenses	(91,592)	(101,380)
Profit/(loss) before income tax	(13,893)	29,042
Income tax expense	(42)	(359)
Profit/(loss) after income tax	(13,935)	28,683

The net assets of Sabodala Gold (Mauritius) Limited and SGML (Capital) Limited at the date of disposal were as follows:

	23 Nov 2010 US\$'000
Net assets disposed of	256,849
Gain on disposal	24,952
Total consideration	281,801
Equity consideration	232,571
Cash consideration	49,230
Total consideration	281,801

The gain on the in-specie distribution to MDL shareholders has been calculated as follows:

	3 Dec 2010 US\$'000
Fair value of shares distributed to MDL shareholders	474,145
In-specie distribution recognised as reduction in capital	(188,555)
Realisation of foreign currency translation relating to subsidiaries included in disposal of Sabodala Gold Division	15,411
Gain on in-specie distribution	301,001
Accumulated losses at 30 June 2010 relating to subsidiaries included in disposal of Sabodala Gold Division	(10,780)
Gain on in-specie distribution recognised in Statement of Comprehensive Income	290,221

No tax charge or credit has arisen as a result of the above transactions.

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

AND CONTROLLED ENTITIES

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED 31 MARCH 2011 AND 2010
(UNAUDITED)****22. 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:

	31 Mar 2011 US\$	30 June 2010 US\$
Balances at 31 March 2011		
MDL Gold Limited	-	255,904,326
MDL (Mining) Limited	121,846,704	101,137,180
HNFL (Holdings) Pty Ltd	1,715	1,425
Mineral Deposits (Operations) Pty Ltd	(58,902)	(48,939)
	<u>121,789,517</u>	<u>356,993,992</u>

Transactions between the group and its related parties:

During the nine months ended 31 March 2011, the following transaction occurred between the group and its related parties (amounts expressed in whole dollars):

- Technical assistance was provided by the company's subsidiary Mineral Deposits Mauritius Limited to its related party Grande Côte Operations SA. The company charged \$635,280 (2010 - \$527,924) in relation to the provision of these services in accordance with the Technical Fee Agreement.

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

- 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 \$65,819 in relation to the provision of these services to 31 March 2011.
- 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 non-executive director. The company charged \$33,592 in relation to the provision of these services to 31 March 2011.

MINERAL DEPOSITS LIMITED

ABN 19 064 377 420

AND CONTROLLED ENTITIES

CORPORATE DIRECTORY

DIRECTORS

Nicholas Limb (executive chairman)
Jeffrey Williams (managing)
Martin Ackland (executive)
Clever Fonseca (executive)
Robert Danchin (non-executive deputy chairman)
David Isles (non-executive)
James (Murray) Grant (non-executive)

COMPANY SECRETARIES

Kathryn Davies

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

AUDITOR

Deloitte Touche Tohmatsu
550 Bourke Street
Melbourne, Victoria 3000
Australia

TAX AGENTS AND ADVISERS

Deloitte Private
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