MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 30 JUNE 2011

Mineral Deposits Limited ("MDL" or the "company") is an Australian-based mining company developing the world class Grande Côte Mineral Sands Project ("Grande Côte" or the "Project") in Senegal, West Africa. The company is listed on the Australian Securities Exchange ("ASX") (symbol: MDL) and the Toronto Stock Exchange ("TSX") (symbol: MDM).

Grande Côte is located on the coast of Senegal starting approximately 50 kilometres north of Dakar and extending northwards for more than 100 kilometres. Over an expected mine life of at least 20 years, Grande Côte is anticipated to produce on average approximately 85ktpa of zircon and 575ktpa of ilmenite (and small amounts of rutile and leucoxene). Development activities are very much in ramp-up mode and, after a two year build, production is expected to commence late-2013.

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 year ended 30 June 2011 and has been prepared as of 26 August 2011. This MD&A is intended to complement and supplement, but does not form part of, the audited Consolidated Financial Report of MDL and the notes thereto for the year ended 30 June 2011 (the "Consolidated Financial Report"). It should be read in conjunction with the Consolidated Financial Report.

The Consolidated Financial Report and the financial information contained in this MD&A, are prepared in accordance with International Financial Reporting Standards.

Additional information about the company, including the Consolidated Financial Report is available on SEDAR at www.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.

1. 2011 HIGHLIGHTS

Financial Performance and Position

- The consolidated entity's net profit after tax for 2011 was $254.4 million (2010 – loss of $28.7 million). The result includes:
  - a profit from continuing operations of $268.4 million which comprises:
    - a one-off profit on disposal of the Sabodala gold assets of $314 million;
    - a realised net foreign exchange loss of $34.4 million - primarily relating to the revaluation from AUD to USD of an inter-company balance as a result of the demerger;
    - administration expenses and borrowing costs (net of other income) amounting to $11.2 million; and
  - a loss from discontinued operations (being the Sabodala gold assets demerged on 3 December 2010) of $13.9 million.
- The statement of financial position at 30 June 2011 comprises:
  - cash of $173.3 million - which includes $136.2 million from the equity raising (net of share issue costs) undertaken in June 2011;
  - 40 million shares held in Teranga Gold Corporation which were valued at $105.1 million at 30 June 2011; and
  - other net assets of $95.3 million which predominately relate to capitalised expenditure for the Grande Côte project.
- The company had no external borrowings at 30 June 2011.

Grande Côte Mineral Sands Project

- Development activities for Grande Côte, located in Senegal, West Africa, significantly ramped up during 2011, including tendering and final evaluation of major works packages.
- A strategy of logistics self-sufficiency has now been put in place for Grande Côte which will allow full rail of all products to the Dakar port.
- The estimated capital cost of Grande Côte is $516 million and annual operating costs are estimated at approximately $80-85 million.

Demerger of Sabodala Gold Assets

- On 3 December 2010, the company completed the demerger of the Sabodala gold assets. The demerger comprised the shares held in the Sabodala holding companies and Oromin Explorations Ltd. (acquired August 2010), together with an inter-corporate receivable, being transferred to Teranga Gold Corporation, a new Canadian – incorporated company, in exchange for 200,000,000 shares in Teranga and C$50 million cash. MDL distributed 160,000,262 of the Teranga shares to MDL shareholders on a proportional basis by way of an in specie distribution and retained 39,999,838 shares. Teranga listed on the Toronto Stock Exchange and Australian Securities Exchange.

Joint venture with Eramet

- On 28 July 2011, MDL announced that it had signed definitive agreements with ERAMET SA, a French mining and metallurgical group, for the formation of an incorporated joint venture which will create a globally significant vertically-integrated player in the mineral sands sector.
- MDL and Eramet will each own 50% of the newly created entity, TiZir Limited ("TiZir"). MDL will contribute to the joint venture its 90% interest in Grande Côte, and Eramet will contribute its 100% interest in the Tyssedal titanium and iron plant in Norway ("Tyssedal Plant") and cash of $30 million.
- Closing of the transaction is subject to certain conditions precedent and is expected to take place at the end of September 2011.

CEO Succession

- The MDL Board also announced during the quarter the retirement of Jeff Williams as Managing Director and Chief Executive Officer with effect from 1 July 2011, and the appointment of Rick Sharp to succeed him. Jeff will remain as an adviser to the company and has been contracted until 30 June 2012.
- Rick has been employed by MDL as Chief Financial Officer since mid-2009.

2. CONSOLIDATED RESULTS

The following table summarises the company's consolidated results:

	Year ended 30 June 2011 US$'000	Year ended 30 June 2010 US$'000
Other income/(expenses)	955	1,421
Administration expenses	(9,779)	(9,587)
Borrowing costs	(2,396)	-
Foreign currency losses	(34,420)	(16,803)
Gain on disposal of subsidiary	23,817	-
Gain on in specie distribution	290,221	-
Income tax expense	(16)	(6,608)
Profit/(loss) from discontinued operations*	(13,935)	2,867
Profit attributable to minority interests	1,396	2,517
Profit/(loss) attributable to owners of the parent	**255,843**	**(26,193)**
Basic earnings per share (cents)	423.5	(50.4)
Diluted earnings per share (cents)	423.5	(50.4)

** Full disclosure in relation to discontinued operations can be found in Note 9 and 39 of the Consolidated Financial Report for the year ended 30 June 2011.*

Fourth (June 2011) quarter

- The company did not earn any revenue from operations during the three month period to 30 June 2011 as it continues to develop the Grande Côte Mineral Sands Project.
- Administration expenses for the three month period to 30 June 2011 were $2.9 million which are consistent with previous quarters of the 2011 financial year.
- Whilst the company has no external debt, borrowing costs of $2.4 million were recognised during the quarter in relation to the potential provision of a debt facility for the funding of the Grande Côte Mineral Sands Project. These finance costs primarily related to advisory, legal and due diligence fees incurred from October 2010 until June 2011.

Financial year ended June 2011

- The consolidated entity's net profit after tax for 2011 was $254.4 million (2010 – loss of $28.7 million). The result includes:
  - a profit from continuing operations of $268.4 million which comprises:
    - a one-off profit on disposal of the Sabodala gold assets of $314 million;
    - a realised net foreign exchange loss of $34.4 million - primarily relating to the revaluation an inter-company balance as a result of the demerger;
    - administration expenses and borrowing costs (net of other income) amounting to $11.2 million
  - a loss from discontinued operations (being the Sabodala gold assets demerged on 3 December 2010) of $13.9 million.
- The company earned a profit during the period as a result of gains made on the disposal of the Sabodala gold assets and the in specie distribution of Teranga Gold Corporation (Teranga) shares received as consideration. The gain on the in specie distribution is an accounting entry required by International Financial Reporting Standards in order to reflect the fair value of shares distributed to shareholders. It does not reflect a realised gain made by the company or its shareholders as a result of this transaction.
- Administration expenses for the year ended to 30 June 2011 are consistent with the corresponding prior period and include:
  - Employee benefits expenses of $5.7 million
  - Depreciation and amortization of $0.4 million
  - Other administrative costs of $3.7 million

3. OPERATIONAL REVIEW

Grande Côte Mineral Sands Project (MDL Interest - 90%)

- Development activities for Grande Côte, located in Senegal, West Africa, significantly ramped up during 2011. Key activities undertaken during the year included:
  - tendering and final evaluation of three major works packages, being dredge build, power station and engineering EPCM (which comprises everything other than dredge, power station, rail & port and earthworks);
  - tendering of remaining works packages, being EPCM for rail & port infrastructure, deep water bore drilling and earthworks (site and rail corridor);
  - completion of the detailed dredge design;
  - appointment of additional key staff to the owners team;
  - development of the IT project control software and systems framework, including scheduling needs;
  - purchasing of various items of mobile fleet and equipment to support construction and operation;
  - site works for a significantly expanded on-site camp (upgraded to accommodate 900 workers during construction) and new heavy vehicle workshop; and
  - ongoing social and environmental development work.
- A strategy of logistics self-sufficiency has now also been put in place for Grande Côte. A 25 year concession has been received from the Government of Senegal for largely exclusive use of an existing rail line which will be upgraded by MDL. When combined with a proposed 22 kilometre rail spur from the mineral separation plant, this will allow full rail of all products to the Dakar port. A concession has also been negotiated for a large area of land at the Dakar port for bulk storage and exclusive use of a mole for ship loading.
- The estimated capital cost of Grande Côte is $516 million and annual operating costs are estimated at approximately $80-85 million.
- The Government of Senegal has a 10% interest free-carried interest in Grande Côte Operations SA and will receive dividends once the capital invested by MDL has been recovered. The Grande Côte Mining Concession also provides for a 5% gross royalty, a 10% Government production share and a 15 year tax free period.

4. CASH FLOW

The following table summarises the company's cash flow activities:

	Year ended 30 June 2011 US$'000	2010 US$'000
Cash flow		
Operating activities	16,175	47,472
Investing activities	(9,956)	(22,031)
Financing activities	145,904	(30,639)
Change in cash and cash equivalents during period	152,123	(5,198)
Cash and cash equivalents – beginning of period	13,832	18,173
Effect of exchange rates on cash holdings	7,367	857
Cash and cash equivalents – end of period	173,322	13,832

The net increase in cash for the year ended 30 June 2011 was $159.5 million including the effect of exchange rates on cash holdings in foreign currencies of $7.4 million.

Net operating cash flow was $16.2 million, reflecting the operations of the Sabodala gold assets until the demerger and the payment of administration and borrowing costs (net of other income) of the company.

Net cash used in investing activities was $9.9 million, primarily reflecting:

- capitalised exploration and development expenditure of $11.3 million - $4.7 million relating to the development of Grande Côte and $6.6 million relating to Sabodala (prior to its demerger);
- capital expenditure of $34.3 million - $16.1 million relating to Grande Côte and $18.2 million relating to Sabodala (prior to its demerger); and
- proceeds from disposal of the Sabodala gold assets (net of cash disposed) of $35.9 million.

Net cash provided by financing activities was $145.9 million, primarily reflecting the equity raising of $136.2 million undertaken in June 2011. Further, proceeds from drawdowns under the mining fleet lease facility of $16.6 million and repayment of borrowings of $7.8 million were also completed prior to the demerger of the Sabodala gold assets.

5. FINANCIAL POSITION

The following table summarises the company's financial position:

	As at 30 June	
	2011 US$'000	2010 US$'000
Current assets	283,493	85,536
Non-current assets	93,694	408,233
Total assets	377,187	493,769
Current liabilities	3,424	75,020
Non-current liabilities	52	69,042
Total liabilities	3,476	144,062
Total equity	373,711	349,707

The statement of financial position at 30 June 2011 comprises:

- cash of $173.3 million, which includes $136.2 million from the equity raising undertaken in June 2011;
- 40 million shares held in Teranga Gold Corporation, which were valued at $105.1 million at 30 June 2011; and
- other net assets of $95.3 million, which predominately relate to capitalised expenditure for the Grande Côte project.

Following the demerger of the Sabodala gold assets effective 3 December 2010, the assets and liabilities pertaining to Sabodala are no longer included in the statement of financial position.

The company had no external borrowings as at 30 June 2011.

6. LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2011, the company had cash balances of $173.3 million (2010: $13.8 million).

During the 2011 year, MDL derived $137.1 million of proceeds (net of share issue costs) from the issue of ordinary shares, comprising:

- $0.9 million from the issue of 1,250,000 shares from the exercise of options at varying prices by directors and executives of the company; and
- $136.2 million from the issue of 22,646,534 shares from a 1:4 accelerated non-renounceable pro-rata entitlement offer and institutional placement.

The company continues to hold 40 million shares in Teranga Gold Corporation (ASX/TSX code: TGZ) valued at $105.0 million as at 30 June 2011.

The company had no external borrowings as at 30 June 2011.

7. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

As at 30 June 2011, the company had the following payments due on contractual obligations:

(Amounts in US$ millions)	Total	< 1 year	1-3 years	4-5 years	>5 years
Operating lease commitments	0.3	0.2	0.1	-	-
Capital expenditure commitments [1]	6.2	6.2	-	-	-
Total	**6.5**	**6.4**	**0.1**	**-**	**-**

(1) Includes $6.2 million for construction activities at the Grande Côte Mineral Sands Project.

8. JOINT VENTURE WITH ERAMET

Following the announcement in June 2011 of a Memorandum of Understanding being signed between MDL and ERAMET SA, on 28 July 2011 definitive agreements were signed for the formation of an incorporated joint venture which will create a globally significant vertically-integrated player in the mineral sands sector.

ERAMET is a French-based mining and metallurgical group listed on the Euronext Paris with a market capitalisation of approximately €5.4 billion. The ERAMET Group employs approximately 14,000 people in 20 countries (including within Africa) and is a leading global producer of alloying metals, particularly manganese and nickel, used to improve the properties of steel; and high-performance special steels and alloys used in industries such as aerospace, power generation and tooling.

MDL and ERAMET each own 50% of the newly created entity, TiZir. Respective contributions to TiZir will be:

- MDL will contribute its 90% interest in Grande Côte (with the balance held by the Government of Senegal);
- ERAMET will contribute:
  - its 100% shareholding in ERAMET Titanium & Iron ("ETI"), which owns the Tyssedal titanium slag and iron plant in Norway;
  - $30 million in cash;
  - additional cash to match MDL's funding of Grande Côte from 1 January 2011 to 30 September 2011 (being the expected completion date for the creation of the joint venture) which is anticipated to be in the order of $50 million; and
  - a $45 million unsecured, subordinated loan.

The Tyssedal Plant is the only facility in Europe producing titanium dioxide (TiO^2) slag for use as a feedstock by pigment producers. It currently produces approximately 200ktpa of TiO^2 slag, and approximately 110 ktpa of high-purity pig iron as a significant co-product, which is sold to ductile iron foundries for various uses, but particularly for the production of wind turbine parts. Ilmenite is the major feedstock of the Tyssedal Plant.

Combining Grande Côte and the Tyssedal Plant within the one entity secures off-take for the majority of Grande Côte's ilmenite and provides security of supply to the Tyssedal Plant, which will give rise to expansion and product diversification opportunities. The joint venture will also benefit from ERAMET's broad expertise in mining, metallurgy, logistics, R&D and marketing, and from MDL's development expertise and mineral sands mining experience.

It is expected that the effective date for establishment of the joint venture, subject to certain conditions precedent, will be 30 September 2011. Accordingly, MDL will participate in 50% of TiZir's earnings (which will include those from ETI) from 1 October 2011.

The development and construction of Grande Côte, which has an estimated capital cost of $516 million, will be funded within TiZir. It is intended that it will be financed by ERAMET's cash contribution of $30 million to TiZir, a $45 million loan provided by ERAMET to TiZir, approximately $150 million of third party debt financing (which is yet to be sourced) and equal equity contributions by MDL and ERAMET of approximately $150 million each (totalling approximately $300 million).

TiZir will exist as a standalone incorporated entity in which MDL and ERAMET will have equal rights in all material aspects in relation to the joint venture's operation. The joint venture will be governed by a board of directors consisting of six members, with each party nominating three directors, and a Shareholders Agreement which will stipulate that each party will hold equal voting rights and rights to future capital contributions and in respect of other mechanisms within the joint venture.

9. CONTINGENT LIABILITIES

- The company faces potential liabilities in respect of the Grande Côte Mineral Sands Project. MDL 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 SARL, 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.
- The company has a deed of cross guarantee with its wholly-owned subsidiaries MDL (Mining) Limited and MDL Gold Limited.
- 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.
- 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 continues at the sites in NSW, Australia. No adverse situations were reported and work continued as scheduled.
- There are no outstanding native title claims against the company which could or would have a financial impact.

10. SELECTED ANNUAL INFORMATION

The table below shows selected financial data for each of the three most recently completed financial years:

	Year ended 30 June		
	2011 US$'000	2010 US$'000	2009 US$'000
Gold produced (ounces) (1)	56,302	172,140	62,477
Gold sold (ounces) (1)	61,661	172,558	52,523
Revenue from gold and silver sales – discontinued operations(1)	77,699	158,478	47,103
Net income/(loss) after tax attributable to members(1)	255,843	(26,193)	(4,334)
Basic earnings per share (cents)(2)	423.5	(50.4)	(8.6)
Diluted earnings per share (cents)(2)	423.5	(50.4)	(8.6)
Total assets	377,187	493,769	497,781
Total borrowings	-	16,433	53,007
Dividends	nil	nil	nil

(1) The company demerged its Sabodala gold assets on 3 December 2010 and as a result the above values in relation to gold produced and sold and revenue from gold and silver sales represent operations from 1 July 2010 to this date. The company derived a gain on disposal of the Sabodala gold assets of $314.0 million.

(2) Basic and diluted earnings per share have been adjusted in the 2009 and 2010 years to reflect the 1:10 share consolidation completed on 3 December 2010 as if it had occurred in the corresponding periods.

11. 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	Jun 11	Mar 11	Dec 10	Sep 10	Jun 10	Mar 10	Dec 09	Sep 09
						Restated	Restated	Restated
Revenue ($m) (i)	-	-	-	-	-	-	-	-
Net income/(loss) ($m)	(5.2)	(4.4)	311.8	(32.4)	13.8	(6.6)	(30.3)	(1.0)
Profit/(loss) from Discontinued Ops ($m)	-	-	(45.9)	32.0	(27.9)	13.5	13.3	1.9
Total net income/(loss) ($m)	(5.2	(4.4)	265.9	(0.4)	(14.1)	6.7	(17.0)	0.9
Basic net income/(loss) per share (cents) (ii)	(8.5)	(7.3)	437.9	(0.7)	(24.6)	11.7	(30.0)	1.6
Diluted net income/(loss) per share (cents) (ii)	(8.5)	(7.3)	437.9	(0.7)	(24.6)	11.7	(30.0)	1.6
Weighted average number of shares	61.3	60.7	60.7	58.9	57.4	57.4	57.0	56.3

(i) Revenue earned in each quarter has been adjusted to reflect the impact of the demerger of the Sabodala gold assets on revenue from continuing operations. The quarterly results of the Sabodala gold assets are included in profit/(loss) from discontinued operations.

(ii) Weighted average number of shares has been adjusted for each previous period disclosed above as if the share consolidation had taken place in each period. This has resulted in changes to both basic and diluted earnings per share values for each quarter disclosed.

12. 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.

Capitalisation of development costs

The consolidated entity's accounting policy requires judgment in determining whether it is likely that future economic benefits are recoverable, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recoverability is unlikely, these amounts are written off in the period in the statement of comprehensive income to the extent of their recoverable amount.

13. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Consolidated Financial Report for the year ended 30 June 2011 are consistent with those adopted and disclosed in the company's Annual Report for the financial year ended 30 June 2010.

14. INFORMATION ON OUTSTANDING SHARES

As at 26 August 2011, the company had on issue 83,538,786 ordinary shares and 620,000 unlisted options to acquire ordinary shares at various exercise prices and expiry dates as follows:

ASX Code	Issue Date	Expiry Date	Restated post capital reduction and share consolidation (1:10 basis) Exercise Price A$	No.
MDLAU	19 July 2007	18 July 2012	12.78	45,000
MDLAW	29 November 2007	29 November 2012	12.78	475,000
MDLAY	5 December 2007	5 December 2012	12.78	100,000
				620,000

At 30 June 2011, the company had 1,620,000 unlisted options. Subsequent to period end the following options were forfeited:

MDLAA	10 July 2008	10 July 2011	10.78	1,000,000

No share options were issued to directors, senior personnel or employees during or since the end of the financial year.

15. TRANSACTIONS WITH RELATED PARTIES

During the 2011 year, the company entered into the following related party transactions:

Transactions between the group and its related parties

During the financial year ended 30 June 2011, 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 Côte Operations SA. The company charged $1,019,187 (2010 – $736,343) 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 $2,677,994 prior to its disposal (2010 – $6,493,216) in relation to the provision of these services in accordance with the Technical Fee agreement;
- rental hire of heavy mobile equipment was provided by the company's subsidiary MDML (Capital) Limited to a related party, Sabodala Gold Operations SA. The company charged $nil (2010 – $331,211) in relation to the provision of these services;
- sub rent and rental hire of heavy mobile equipment was provided by the company's subsidiary SGML (Capital) Limited to its related party Sabodala Gold Operations SA. The company charged $224,840 (2010 – $9,774,936) in relation to the provision of these services;
- no interest was charged by the company's subsidiary Mineral Deposits Mauritius Limited to its wholly owned subsidiary Grande Côte Operations SA. (2010 - $6,366,545) in accordance with the Shareholder Agreement;
- no interest was charged by the company's subsidiary Sabodala Gold Mauritius Limited to its wholly owned subsidiaries Sabodala Gold Operations SA and Sabodala Mining Company SARL (2010 - $13,879,380) in accordance with the Shareholder Agreement; and
- interest was charged by the company's subsidiary SGML (Capital) Limited to its wholly owned subsidiaries Sabodala Gold Operations SA. The company charged $363,168 (2010 - $nil) in accordance with the Finance Lease and Sub-Rental Agreement.

Transactions and balances between the group and its related parties were eliminated in the preparation of the Consolidated Financial Report of the group.

Transactions with director related entities

During the financial year ended 30 June 2011, 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 $54,398 (2010 – $74,760) (excluding GST) in relation to the provision of these services to 30 June 2011;
- 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 director. The company charged $43,522 (2010 – $34,642) (excluding GST) in relation to the provision of these services to 30 June 2011; and
- technical and geological assistance was provided to the consolidated entity at commercial rates by Flow Energy Limited of which Mr Nicholas Limb continues as a non-executive director. The company was charged $76,830 (2010 – $nil) (excluding GST) in relation to the provision of these services to 30 June 2011.

16. 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) is 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, after evaluating the effectiveness of the company's disclosure controls and procedures as of 30 June 2011, has 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, 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.

17. 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 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 year ended 30 June 2011, the Annual Information Form for 2010 and technical reports filed on SEDAR (www.sedar.com) and any future amendments to such reports. Readers are also directed to the cautionary notices and disclaimers contained herein.

18. ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This MD&A has been prepared as of 26 August 2011. Additional information about the company, including its Annual Financial Statements and Interim Financial Statements, is available on SEDAR at www.sedar.com and on the company's website at www.mineraldeposits.com.au.

19. 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.

20. 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 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.