Mineral Deposits Limited

ABN 19 064 377 420

Consolidated Interim Financial Statements
for the three months ended 30 September 2011

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

110080MDL

Mineral Deposits

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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 2011. 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 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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the three months ended 30 September 2011 and 2010
(UNAUDITED)

	Note	Three months ended 30 September 2011 US$'000	2010 US$'000
Other income	4	1,430	64
Administration expenses	5	(2,744)	(2,051)
Loss on disposal on non-current assets		-	(1)
Net foreign exchange gains/(losses)		18,109	(29,752)
Profit/(loss) before tax		16,795	(31,740)
Income tax benefit/(expense)		-	-
Profit/(loss) from continuing operation	3	16,795	(31,740)
Profit from discontinued operation	3	(23,247)	32,016
Profit for the period		**(6,452)**	**276**
Other comprehensive income/(loss):			
Exchange differences arising on translation of foreign operations		(26,520)	(25,248)
Exchange difference on inter-company loans		19,559	30,713
Gain/(loss) on available for sale investment		(19,313)	1,874
Other comprehensive income for the period		(26,274)	7,339
Total comprehensive income/(loss) for the period		**(32,726)**	**7,615**
Profit/(loss) attributable to:			
Owners of the parent		(5,846)	(368)
Non-controlling interests		(606)	644
Profit for the period		**(6,452)**	**276**
Total comprehensive income/(loss) attributable to:			
Owners of the parent		(32,120)	6,971
Non-controlling interests		(606)	644
		(32,726)	**7,615**

	Three months ended 30 September 2011 US Cents	2010 US Cents
Earnings per share – continuing and discontinued operations		
Basic earnings per share (cents)	(7.0)	(0.6)
Diluted earnings per share (cents)	(7.0)	(0.6)
Earnings per share – continuing operations		
Basic earnings per share (cents)	20.8	(55.0)
Diluted earnings per share (cents)	20.8	(55.0)

Notes to the condensed consolidated interim financial statements are included on pages 5 to 12.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 September 2011 and 30 June 2011
(UNAUDITED)

	Note	30 Sep 2011 US$'000	30 June 2011 US$'000
CURRENT ASSETS			
Cash and cash equivalents		123,528	173,322
Trade and other receivables	6	563	1,127
Other financial assets	7	82,672	105,141
Other	8	268	3,903
Assets classified as held for sale	9	130,575	-
TOTAL CURRENT ASSETS		**337,606**	**283,493**
NON-CURRENT ASSETS			
Other receivables	6	-	251
Property, plant and equipment	10	378	31,358
Mine development expenditure	11	-	51,591
Exploration and evaluation expenditure		173	-
Capitalised mining convention and concession costs		7,315	10,426
Intangible assets		52	68
TOTAL NON-CURRENT ASSETS		**7,918**	**93,694**
TOTAL ASSETS		**345,524**	**377,187**
CURRENT LIABILITIES			
Trade and other payables	12	182	1,822
Current tax payable		51	53
Provisions	13	1,278	1,549
Liabilities directly associated with assets classified as held for sale	9	2,265	-
TOTAL CURRENT LIABILITIES		**3,726**	**3,424**
NON-CURRENT LIABILITIES			
Provisions	13	38	52
TOTAL NON-CURRENT LIABILITIES		**38**	**52**
TOTAL LIABILITIES		**3,764**	**3,476**
NET ASSETS		**341,760**	**373,711**
EQUITY			
Issued capital	14	356,122	355,347
Reserves		113,097	139,371
Accumulated losses		(126,876)	(121,030)
Equity attributable to owners of the parent		342,343	373,688
Non-controlling interest		(583)	23
TOTAL EQUITY		**341,760**	**373,711**

Notes to the condensed consolidated interim financial statements are included on pages 5 to 12.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the three months ended 30 September 2011 and 2010
(UNAUDITED)

	Issued capital US$'000	Accumulated losses US$'000	Foreign currency translation reserve US$'000	Investment revaluation reserve US$'000	Equity-settled share-based payments reserve US$'000	Attributable to equity holders of the parent US$'000	Non controlling interest US$'000	Total US$'000
Balance at 1 July 2010	384,849	(75,872)	31,749	-	9,467	350,193	(486)	349,707
Loss for the period	-	(368)	-	-	-	(368)	644	276
Exchange difference arising on translation of foreign operations	-	-	(25,248)	-	-	(25,248)	-	(25,248)
Exchange difference on inter-company loans	-	-	30,713	-	-	30,713	-	30,713
Gain on available for sale investments	-	-	-	1,874	-	1,874	-	1,874
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
Issue of shares	21,563	-	-	-	-	21,563	-	21,563
Shares 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
Balance at 1 July 2011	355,347	(121,030)	66,530	63,519	9,322	373,688	23	373,711
Profit for the period	-	(5,846)	-	-	-	(5,846)	(606)	(6,452)
Exchange difference arising on translation of foreign operations	-	-	(26,520)	-	-	(26,520)	-	(26,520)
Exchange difference on inter-company loans	-	-	19,559	-	-	19,559	-	19,559
Loss on available for sale investments	-	-	-	(19,313)	-	(19,313)	-	(19,313)
Total comprehensive income/(loss) for the period	-	(5,846)	(6,961)	(19,313)	-	(32,120)	(606)	(32,726)
							-	
Shares issue costs	(16)	-	-	-	-	(16)	-	(16)
Issue of shares	791	-	-	-	-	791	-	791
Balance at 30 September 2011	356,122	(126,876)	59,569	44,206	9,322	342,343	(583)	341,760

Notes to the condensed consolidated interim financial statements are included on pages 5 to 12.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the three months ended 30 September 2011 and 2010
(UNAUDITED)

	Note	Three months ended 30 September 2011 US$'000	2010 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		651	45,882
Payments to suppliers and employees		(6,542)	(32,621)
Interest and other costs of finance paid		-	(316)
Income tax paid		-	(55)
Net cash (used in)/provided by operating activities	15(a)	(5,891)	12,890
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capitalised exploration and development expenditure		(173)	(6,563)
Payment for construction costs		(32,962)	-
Payments for property, plant and equipment		(49)	(12,797)
Payments for other intangible assets		(4)	-
Proceeds from sale of fixed assets		12	13
Interest received		1,369	39
Interest paid capitalised borrowing costs		-	(499)
Advance to joint venture – Tayssir Resources		(17)	(50)
Net cash used in investing activities		(31,824)	(19,857)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity securities		791	-
Payment for share issue costs		(16)	(81)
Proceeds from borrowing		-	16,233
Repayment of borrowings		-	(7,750)
Net cash provided by financing activities		775	8,402
Net increase/(decrease) in cash and cash equivalents held		(36,940)	1,435
Cash and cash equivalents at the beginning of the period		173,322	13,832
Effect of exchange rates on cash holdings in foreign currencies		(5,653)	1,486
Cash and cash equivalents at the end of the period	15(a)	130,729	16,753

Notes to the condensed consolidated interim financial statements are included on pages 5 to 12.

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 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 2011 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, except for the revaluation of certain financial instruments. 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 2011.

The directors have considered the impact of the new accounting standards that are not yet applicable and do not believe they will have a material impact on the financial performance or state of affairs of the group.

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 2011.

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 2011.

3. SEGMENT REPORTING

The company does not have any reportable segments under AASB 8 as a result of the disposal of the gold operations of the group (known as the Sabodala gold assets) during the prior period and the successful completion of the joint venture transaction between MDL and Eramet SA.

'Other' is the aggregation of the company's operating segments that are not separately reportable and is predominantly the corporate head office.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the company's accounting policies.

The gold operations of the group (known as the Sabodala gold assets) were disposed of during the prior period and are included below as a discontinued operation for comparative purposes.

The mineral sands division of the group (known as the Grande Cote Mineral Sands Project) has been included in a joint venture between MDL and Eramet SA subsequent to the end of the period. As such, the results of this operating segment have been included as a discontinued operation.

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

	Revenue Three months ended 30 September		Segment Profit Three months ended 30 September	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Continuing operations				
Other	1,430	64	16,790	(31,740)
Profit/(loss) before tax	-	-	16,790	(31,740)
Income tax expense (continuing operations)	-	-	-	-
Consolidated segment revenue and profit for the period from continuing operations	**1,430**	**64**	**16,790**	**(31,740)**
Discontinued operations				
Gold division				
Gold and silver sales	-	53,234	-	53,234
Cash cost of sales:				
Mine operating costs			-	(20,511)
Royalties			-	(1,540)
Change in inventories			-	947
Total cash costs of sales			-	(21,104)
Net cash income from mining operations			**-**	**32,130**
Depreciation			-	(8,205)
Rehabilitation			-	(141)
Net income from mining operations			**-**	**23,784**
Corporate administration expenses			-	(311)
Operating profit before finance costs and tax			**-**	**23,473**
Gold hedge unrealised losses			-	(19,082)
Oil hedge unrealised gains			-	821
Other income/(expense)			-	252
Finance costs			-	(388)
Net foreign exchange losses			-	26,878
Total other income/(expenses)			-	8,481
Profit/(loss) before tax			**-**	**31,954**
Income tax expense (discontinued operations)			-	(18)
Consolidated segment revenue and profit for the period from discontinued operations	**-**	**53,234**	**-**	**31,936**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three months ended 30 September 2011 and 2010
(UNAUDITED)

	Revenue Three months ended 30 September		Segment Profit Three months ended 30 September	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Discontinued operations				
Mineral Sands division				
Revenue	-	-	-	-
Corporate administration expenses			(1,704)	(64)
Other income/(expense)			-	2
Net foreign exchange losses			(13,700)	142
Total other income/(expenses)			(15,404)	80
Profit/(loss) before tax			**-**	**80**
Income tax expense (discontinued operations)			-	-
Cumulative foreign exchange gains reclassified from foreign currency translation reserve to statement of comprehensive income			(7,843)	-
Consolidated segment revenue and profit for the period from discontinued operations	-	-	**(23,247)**	**80**

The following is an analysis of the group's profit/(loss) from discontinued operations:

	Period ended 30 Sep 2011 US$'000	Period ended 30 June 2011 US$'000
Gold division	-	31,936
Mineral sands division	(23,247)	80
Total assets	**(23,247)**	**32,016**

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

	Period ended 30 Sep 2011 US$'000	Period ended 30 June 2011 US$'000
Assets classified as held for sale (see note 9)	130,575	102,852
Unallocated assets	214,949	274,335
Total assets	**377,227**	**337,187**

4. REVENUE

	Three months ended 30 September 2011 US$'000	Three months ended 30 September 2010 US$'000
Continuing operations		
Interest revenue - bank	1,377	36
Other revenue:		
- rental received	23	17
- other	30	11
	1,430	**64**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three months ended 30 September 2011 and 2010
(UNAUDITED)

	Three months ended 30 September 2011 US$'000	2010 US$'000

5. RESULTS FOR THE PERIOD

	2011 US$'000	2010 US$'000
Continuing operations		
Depreciation of non-current assets:		
- land, buildings & property improvements	-	22
- plant and equipment	-	-
- office furniture	2	9
- computer equipment and software	21	30
- motor vehicles	-	8
	23	69
Amortisation of intangible assets:		
- computer software	16	17
Employee benefits:		
- equity settled share based payments	-	73
- remuneration expense	876	1,121
- post employment benefits – defined contributions	130	100
- provision for leave entitlements	(25)	(19)
	981	1,275
Administration and other overheads	1,674	690
Total administration expenses	**2,744**	**2,051**

6. TRADE AND OTHER RECEIVABLES

	2011 US$'000	2010 US$'000
Current		
Other receivables	109	746
Amounts due from other related parties – Tayssir Resources SAS	399	381
Amounts due from other related parties – Mineral Deposits Mauritius Limited	55	-
	563	**1,127**
Non-Current		
Other receivables	-	251
	-	**251**

7. OTHER FINANCIAL ASSETS

	2011 US$'000	2010 US$'000
Current		
Available for sale investments carried at fair value		
- shares in listed company – Teranga Gold Corporation	82,653	105,122
- shares in joint venture – Tayssir Resources SAS	19	19
	82,672	**105,141**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three months ended 30 September 2011 and 2010
(UNAUDITED)

	Period ended 30 Sep 2011 US$'000	30 June 2011 US$'000

8. OTHER ASSETS

Current		
Prepayments	229	318
Security deposit	39	3,585
	268	**3,903**

9. ASSETS CLASSIFIED AS HELD FOR SALE

As described in note 3 and further in note 20, the company entered into a joint venture agreement with Eramet SA for the creation of TiZir Limited. As part of the joint venture transaction, the company will transfer its shares in Mineral Deposits Mauritius Limited (a 100% owned subsidiary within the group) for 50% of the shares in TiZir Limited.

As such, the following assets and liabilities have been classified as held for sale at the end of the period:

	30 Sep 2011 US$'000
Cash and cash equivalents	7,201
Trade and other receivables – current	322
Inventories	114
Other assets – current	258
Other receivables	251
Property, plant & equipment	68,324
Mine development expenditure	51,591
Capitalised mining convention and concession costs	2,511
Intangible assets	3
Total assets classified as held for sale	**130,575**
Trade and other payables	1,940
Current tax liabilities	51
Provisions	274
Total liabilities directly associated with assets classified as held for sale	**2,265**
Net assets of mineral sands division classified as held for sale	**128,310**

	Period ended 30 Sep 2011 US$'000	30 June 2011 US$'000

10. PROPERTY, PLANT AND EQUIPMENT

Carrying amounts of each class:		
Land, buildings and property improvements	316	10,624
Plant and equipment	-	20,410
Office equipment	62	176
Motor vehicles	-	148
	378	**31,358**

11. MINE DEVELOPMENT EXPENDITURE

Costs carried forward in respect of areas of interest at cost	51,591	51,591
Less amounts classified as held for sale	(51,591)	-
Accumulated amortisation	-	-
	-	**51,591**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three months ended 30 September 2011 and 2010
(UNAUDITED)

	Period ended 30 Sep 2011 US$'000	Period ended 30 June 2011 US$'000

12. TRADE AND OTHER PAYABLES

	30 Sep 2011	30 June 2011
Current		
Unsecured liabilities		
- trade payables (i)	33	661
- sundry creditors and accrued expenses	149	1,161
	182	**1,822**

(i) Trade payables comprise obligations by the company to suppliers of goods and services to the company. Terms are generally 30 days.

13. PROVISIONS

	30 Sep 2011	30 June 2011
Current		
Employee benefits	1,028	1,258
Mine restoration and rehabilitation	250	291
	1,278	**1,549**
Non-Current		
Employee benefits	**38**	**52**

14. ISSUED CAPITAL

		30 Sep 2011	30 June 2011
(a)	**Movement in fully paid ordinary shares**		
	Number of fully paid ordinary shares	83,538,786	83,415,116
	Opening number of shares	83,415,116	580,576,525
	Shares issued during the year:		
	- 31 August 2010	-	25,865,148
	- 29 October 2010	-	500,000
	- 24 November 2010	-	750,000
	- 28 June 2011	-	22,646,534
	- 18 July 2011	123,670	-
	Reduction in number of shares as a result of 1:10 share consolidation:		
	- 3 December 2010	-	(546,923,091)
	Closing number of shares	**83,538,786**	**83,415,116**
(b)	**Fully paid ordinary shares**		
	Paid up capital	356,122	355,393
	At the beginning of the financial year	355,347	384,849
	Shares issued during the year:		
	- 31 August 2010	-	21,563
	- 29 October 2010	-	415
	- 24 November 2010	-	550
	- 28 June 2011	-	141,872
	- 18 July 2011	791	-
	Reduction in paid up capital as a result of the in specie distribution:		
	- 3 December 2010	-	(188,555)
	Transfer from share based equity reserve	-	400
	Less costs associated with exercise of options and share placements	(16)	(5,747)
	Total issued capital at the end of the financial year	**356,122**	**355,347**

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 18 July 2011, the company completed the retail component of a 1-for-4 accelerated non-renounceable entitlement offer of 123,670 new ordinary shares at a price of A$6.00 per share.

(c) Share Options

As at 30 September 2011, the following unissued ordinary shares of the company under option were outstanding:

ASX code	Grant date	Expiry date	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
Total options outstanding at year end				**620,000**

No share options were issued to directors, senior personnel or employees during the year or since 30 June 2011.

The following unlisted options were forfeited during the reporting period due to expiry or employee terminations:

ASX code	Grant date	Expiry date	Exercise price (A$)	No.
MDLAA	1 July 2008	1 July 2011	10.78	1,000,000
MDLAW	29 November 2007	29 November 2012	12.78	75,000
				1,075,000

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.

	Three months ended 30 September 2011 US$'000	Three months ended 30 September 2010 US$'000

15. CASH FLOW INFORMATION

(a) Reconciliation of cash and cash equivalents

	2011 US$'000	2010 US$'000
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash on hand and at bank	51,598	13,617
Other – term deposits	71,930	215
Cash and cash equivalents as stated in Statement of Financial Position	123,528	13,832
Cash and cash equivalents included as classified as held for sale	7,201	-
Total cash and cash equivalents at end of period	**130,729**	**13,832**
Reconciliation of profit/(loss) for the period to net cash flows from operating activities		
Profit/(loss) for the year	(6,452)	276
Depreciation	122	4,549
Amortisation	17	2,465
Finance costs	-	-
Share based remuneration	-	70
Foreign exchange loss	(5,498)	6,962
Loss on disposal of non-current assets	1	1
Loss on derivative instrument	-	18,261
Loss arising from reclassification of foreign exchange losses from foreign currency translation reserve to statement of comprehensive income as a result of joint venture of mineral sands division	7,843	-
Interest income received and receivable	(1,369)	(37)
Changes in assets and liabilities		
(Increase)/decrease in trade and term debtors	449	(7,619)
Decrease in prepayments	(8)	(172)
(Increase)/decrease in accrued income	(4)	-
Increase in inventories	(114)	(7,059)
Decrease in trade creditors and accruals	(927)	(4,454)
Increase/(decrease) in employee entitlements	72	(348)
Increase in rehabilitation provisions	(20)	(5)
Increase in income tax	(3)	-
Net cash from operating activities	**(5,891)**	**12,890**

(b) Non-cash financing and investing activities

There were no non-cash financing and investing activities during the year ended 30 June 2011.

(c) Cash balances not available for use

The company has $264,925 (2010 - $214,175) in term deposits included in the cash and cash equivalents that are not readily available for use by the group. These term deposits are held as security over the company's corporate credit card and credit charge facility and held in favour of a bank guarantee.

16. DIVIDENDS

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

17. COMMITMENTS

Capital Expenditure Commitments

The company had no capital expenditure commitments contracted but not provided for and payable within one year at 30 September 2011 (30 June 2011 - nil).

18. CONTINGENT LIABILITIES

(a) The company has a deed of cross guarantee with its wholly-owned subsidiaries MDL (Mining) Limited and MDL Gold Limited.

(b) 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.

(c) 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.

(d) 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 2011.

19. ACQUISITION OF SUBSIDIARY

On 3 August 2011, the company established TiZir Limited, a UK incorporated entity, to facilitate the company's joint venture operations in Senegal and Norway. The company subscribed to one share in the entity at US$1.00 per share. The company's joint venture partner, ERAMET SA, also subscribed to one share in the entity at US$1.00 per share.

20. SUBSEQUENT EVENTS

On 28 July 2011, MDL announced that it had signed definitive agreements with ERAMET SA, a French mining and metallurgical group listed on Euronext Paris for the creation of a joint venture in the mineral sands sector. Closing of the transaction occurred on 25 October 2011 and was effective from 1 October 2011.

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.

21. RELATED PARTY TRANSACTIONS

(a) Transactions with other related parties

Transactions between MDL and its related parties:

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

	30 Sept 2011 US$	30 June 2011 US$
MDL (Mining) Limited	171,105,032	146,627,135
HNFL (Holdings) Pty Ltd	301,669	323,478
Mineral Deposits International Pty Ltd	(246,783)	(413,279)
Tasiast Resources Pty Ltd	395,541	400,302
Mineral Deposits (Operations) Pty Ltd	(55,942)	(60,536)
	171,499,517	146,877,100

The above loans were non-interest bearing with no fixed repayment terms and payable on demand.

Transactions between the group and its related parties:

During the three months ended 30 September 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 Cote Operations SA. The company charged $677,043 (2010 – $158,915) 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 $4,144 in relation to the provision of these services to 30 September 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 $18,336 in relation to the provision of these services to 30 September 2011.

CORPORATE DIRECTORY

DIRECTORS

Nic Limb (Executive Chairman)
Rick Sharp (Managing Director)
Martin Ackland (Executive)
Clever Fonseca (Executive)
Bobby Danchin (Non-executive/Deputy Chairman)
David Isles (Non-executive)
James (Murray) Grant (Non-executive)

COMPANY SECRETARY

Kathryn Davies

REGISTERED OFFICE

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Facsimile: +221 338 603 683

SHARE REGISTRIES

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Australia

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Facsimile: +61 3 9473 2500

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Canada

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Australia

BANKER

Westpac Banking Corporation
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Australia

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525 Collins Street
Melbourne, Victoria 3000
Australia

Trading Code: MDL

Toronto Stock Exchange
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Trading Code: MDM