



Mineral Deposits

Notice of Annual and Special General Meeting and Explanatory Memorandum

Mineral Deposits Limited
ABN 19 064 377 420

Date: Friday, 18 November 2011
Time: 9.30am (Melbourne time)
Place: "Morgans at 401"
401 Collins Street
Melbourne, Victoria, Australia

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR ATTENTION

The Explanatory Memorandum contained in this Notice of Annual and Special General Meeting is an explanation of, and contains information about, the Resolutions to be considered at the Annual and Special General Meeting. It is given to Shareholders of Mineral Deposits Limited to help them determine how to vote on the Resolutions set out in the accompanying Notice of Annual and Special General Meeting.

Shareholders should read the Explanatory Memorandum which accompanies the Notice of Annual and Special General Meeting in full. The Explanatory Memorandum forms part of the accompanying Notice of Annual and Special General Meeting and should be read with the Notice of Annual and Special General Meeting.

If you are in any doubt about what to do in relation to the Annual and Special General Meeting, please consult your financial or other professional adviser.

As of 1 July 2011, Mineral Deposits Limited is a Designated Foreign Issuer as such term is defined in the Canadian Securities Administrators' National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*. Mineral Deposits Limited is subject to the foreign regulatory requirements of the ASX and ASIC. Mineral Deposits Limited was a Designated Foreign Issuer for the year ended 30 June 2011.

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Notice of Annual and Special General Meeting

The Annual and Special General Meeting of Shareholders of Mineral Deposits Limited will be held on Friday, 18 November 2011 at 9.30am (Melbourne time) at "Morgans at 401", 401 Collins Street, Melbourne, Victoria, Australia.

Business

A. Financial statements and reports

To table the following statements and reports and provide Shareholders with the opportunity to raise any issues or ask questions generally of the Directors concerning those financial statements or the business operations of the Company:

- (a) the financial report of the Company and of the consolidated entities for the year ended 30 June 2011;
- (b) the Directors' report for the year ended 30 June 2011; and
- (c) the independent auditor's report thereon.

B. Resolutions – General Business

Resolution 1: Adopt Remuneration Report

To consider and, if thought fit, pass the following resolution:

'THAT the Remuneration Report for the year ended 30 June 2011, submitted as part of the Directors' Report for the year ended 30 June 2011, be adopted.'

It should be noted that the vote on this Resolution 1 is advisory only and does not bind the Directors or the Company.

Resolution 2: Election of Mr Rick Sharp as a Director

To consider and, if thought fit, pass the following resolution:

'THAT Mr Rick Sharp, a director appointed on 1 July 2011 under clause 56.1 of the Company's Constitution and as such obliged to stand down at the meeting, being eligible for election and having signified his candidature for the office, be elected as a director of the Company.'

Resolution 3: Re-election of Dr Robert Danchin as a Director

To consider and, if thought fit, pass the following resolution:

'THAT Dr Robert Danchin, a Director retiring by rotation in accordance with clause 58 of the Company's Constitution, being eligible for re-election and having signified his candidature for the office, be re-elected as a Director of the Company.'

Resolution 4: Re-election of Mr Murray Grant as a Director

To consider and, if thought fit, pass the following resolution:

'THAT Mr Murray Grant, a Director retiring by rotation in accordance with clause 58 of the Company's Constitution, being eligible for re-election and having signified his candidature for the office, be re-elected as a Director of the Company.'

C. Resolutions – Special Business

Resolution 5: Ratify issue of shares

To consider and, if thought fit, pass the following resolution:

'THAT for the purposes of Rules 7.4 and 7.5 of the Listing Rules of ASX Limited and all other purposes, the issue and allotment of a total of 10,000,000 fully paid ordinary shares of the Company on 29 June 2011 at A\$6.00 per share be hereby ratified and approved.'

Resolution 6: Issue of securities under MDL Employee Incentive Plan

To consider and, if thought fit, pass the following resolution:

'THAT for the purposes of Rule 7.1 and Rule 7.2 (Exception 9(b)) of the Listing Rules of ASX Limited and all other purposes, approval be given to the issue of securities in the Company pursuant to and in accordance with the terms of the MDL Employee Incentive Plan.'

Resolution 7: Grant of performance rights to Mr Nic Limb as a long term incentive

To consider and, if thought fit, pass the following resolution:

'THAT for the purposes of Rule 10.14 of the Listing Rules of ASX Limited and all other purposes, approval be given to the grant to Mr Nicholas Limb of 100,000 performance rights for no monetary consideration in accordance with the terms and conditions of the MDL Employee Incentive Plan as more particularly specified in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.'

Resolution 8: Grant of performance rights to Mr Rick Sharp as a long term incentive

To consider and, if thought fit, pass the following resolution:

'THAT for the purposes of Rule 10.14 of the Listing Rules of ASX Limited and all other purposes, approval be given to the grant to Mr Rick Sharp of 100,000 performance rights for no monetary consideration in accordance with the terms and conditions of the MDL Employee Incentive Plan as more particularly specified in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.'

Resolution 9: Grant of performance rights to Mr Martin Ackland as a long term incentive

To consider and, if thought fit, pass the following resolution:

'THAT for the purposes of Rule 10.14 of the Listing Rules of ASX Limited and all other purposes, approval be given to the grant to Mr Martin Ackland of 50,000 performance rights for no monetary consideration in accordance with the terms and conditions of the MDL Employee Incentive Plan as more particularly specified in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.'

Resolution 10: Approval of the vesting of Performance Rights on Accelerated Event and approval of termination benefits

To consider and, if thought fit, pass the following resolution:

'THAT for the purposes of sections 200B and 200E of the Corporations Act and all other purposes, the Shareholders approve the Company giving the benefits granted under the MDL Employee Incentive Plan to certain persons, and under contractual arrangements between certain persons and the Company, in connection with that person ceasing to hold a managerial or executive office as set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.'

Voting and proxies

Appointment of proxies

A form of proxy for use at the meeting is enclosed with this Notice of Annual and Special General Meeting.

A Shareholder submitting a proxy may appoint one proxy if the Shareholder is only entitled to one vote; or one or two proxies if the Shareholder is entitled to more than one vote. A proxy need not be a Shareholder. A proxy may be an individual or a body corporate. A Shareholder may appoint a proxy other than the person designated by default in the enclosed form of proxy by inserting the full name of the desired person in the blank space provided for that purpose on the form of proxy.

If a Shareholder appoints one proxy, that proxy may vote on a show of hands. If a Shareholder appoints two proxies, neither proxy may vote on a show of hands. Where the Shareholder appoints two proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not do so, each proxy may exercise one-half of the votes, and any fraction of votes will be disregarded.

A proxy will not be valid for the Annual and Special General Meeting unless it is signed by the Shareholder or the Shareholder's attorney duly authorised in writing or, if the Shareholder is a corporation, executed by a duly authorised officer or officers in accordance with the instructions attached on the enclosed form of proxy. The proxy to be acted upon and completed in accordance with the instructions on the form must be delivered:

- (a) in respect of Shareholders registered on the Company's Australian register, together with the power of attorney or other authority (if any) under which it is signed or authenticated (or a certified copy thereof) prior to 9.30am (Melbourne time) on Wednesday, 16 November 2011 by:
- post in the reply paid envelope enclosed
 - hand delivery to: Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria 3067, Australia
 - fax: c/- Computershare Investor Services Pty Limited (within Australia) 1800 783 447 (outside Australia) +61 3 9473 2555
 - Online: www.investorvote.com.au
 - Custodian voting - for Intermediary Online subscribers only: www.intermediaryonline.com
- (b) in respect of Shareholders registered on the Company's Canadian share register as of 5.00pm (Toronto time) on Wednesday, 12 October 2011 (**Relevant Date**), together with the power of attorney or other authority (if any) under which it is signed (or certified copy thereof) prior to 5.00pm (Toronto time) on Monday, 14 November 2011 by:
- post in the reply paid envelope provided
 - hand delivery to: Mineral Deposits Limited c/- Computershare Investor Services Inc, 100 University Avenue, 9th Floor, Toronto, Ontario, Canada M5J 2Y1
 - fax: +1-866-249-7775 or Local 416-263-9524
- (c) Beneficial Shareholders as of the Relevant Date in Canada with shares held through the Canadian register who wish to vote by proxy must follow voting instructions provided by their intermediary through whom they will receive material relating to the Annual and Special General Meeting.

Revocation of proxies

A Shareholder executing and delivering a proxy has the power to revoke it. However, such revocation will not be effective unless an instrument in writing evidencing the revocation, and executed by the Shareholder or by his or her attorney authorised in writing, is received by the Company before the start or resumption of the meeting at which the proxy votes.

Voting of proxies

A proxy may decide whether to vote on any motion, except where the proxy is required by law or under the Company's constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with that direction. If a proxy is not directed how to vote on an item of business, a proxy may vote as he or she thinks fit.

If a Shareholder appoints the Chairman of the meeting as the Shareholder's proxy and does not specify how the Chairman is to vote on an item of business, the Chairman will vote, as proxy for that Shareholder, in favour of the item on a show of hands or a poll, unless the Chairman is prohibited from doing so under the Corporations Act.

The Chairman of the Annual and Special General Meeting, the Company Secretary and any Directors of the Company intend to vote all undirected proxies from Shareholders (who are eligible to vote in favour of the Resolutions) **IN FAVOUR OF** the Resolutions to be voted on at the Annual and Special General Meeting.

If you complete a proxy form that authorises the Chairman of the Annual General Meeting to vote on your behalf as a proxyholder, and you do not mark any of the boxes "for" or "against" or "abstain" so as to give the Chairman directions about how your vote should be cast, your proxy will automatically be directed in favour of the resolution to adopt the Remuneration Report (ie. Resolution 1), and the Chairman will vote accordingly.

Voting by corporate representative

Corporate Shareholders or proxies wishing to vote by corporate representative should obtain an appointment of corporate representative form from the Share Registry and complete and sign the form in accordance with the corporate Shareholder's constitution or by a duly authorised attorney.

The corporate representative form and the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof) must be received by the Company before the start or resumption of the meeting at which the representative is to vote, by:

- post in the reply paid envelope provided
- hand delivery to: Mineral Deposits Limited C/- Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria 3067, Australia
- fax to: Mineral Deposits Limited C/- Computershare Investor Services Pty Limited on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)

Canadian corporate shareholders which are registered shareholders on the Company's Canadian shareholder register should send their materials by:

- post in the reply paid envelope provided
- hand delivery to: Mineral Deposits Limited C/- Computershare Investor Services Inc., 100 University Ave, 9th Floor, Toronto, Ontario, Canada M5J 2Y1
- fax to: +1-866-249-7775 or Local 416-263-9524

Canadian corporate shareholders receiving materials from their intermediary should send materials and follow voting instructions provided by their intermediary.

If you require an additional proxy form, Computershare will supply it on request.

Advice to beneficial holders of Shares

The information set out in this section is of significant importance to many Shareholders of the Company as a substantial number of Shareholders do not hold Shares in their own name. Shareholders who do not hold their Shares in their own name (**Beneficial Holders**) should note that only proxies deposited by Shareholders whose names appear on the records of the Company as the registered holders of Shares in the capital of the Company can be recognised and acted upon at the meeting. If Shares are listed in an account statement provided to a Shareholder by a broker then, in almost all cases, those Shares will not be registered in the Shareholder's name on the records of the Company. Such Shares will more likely be registered under the names of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc. which acts as nominee for many Canadian brokerage firms). Shares held by brokers, agents or nominees can only be voted (for or against resolutions) upon the written instructions of the Beneficial Holder. Without specific instructions, brokers and their agents and nominees are prohibited from voting Shares for the broker's clients. **Therefore Beneficial Holders should ensure that instructions in respect of the voting of their Shares on the Resolutions are communicated to the appropriate person by the appropriate time.**

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Holders in advance of Shareholders' meetings. Each intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Holders to ensure that their Shares are voted at the meeting. The form of proxy supplied to a Beneficial Holder by its broker (or the agent of the broker) is similar to the form of proxy provided to registered Shareholders by the Company. However, its purpose is limited to instructing the registered Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Holder. The majority of brokers in Canada now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. (**Broadridge**). Broadridge typically asks Beneficial Holders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions in respect of the voting of Shares on the Resolutions to be represented at the meeting. **A Beneficial Holder receiving a Broadridge proxy or other proxy from their intermediary cannot use that proxy to vote Shares directly at the meeting. The Broadridge proxy or other proxy must be returned to Broadridge or such intermediary well in advance of the Annual and Special General Meeting in order to have the Shares voted on the Resolutions.**

Canadian Shareholders receiving materials from Broadridge should follow voting instructions provided by Broadridge or their intermediary, as applicable.

Voting

The Company has determined, in accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), that the Company's Shares quoted on ASX at 7.00pm (Melbourne time) on Wednesday, 16 November 2011 are taken, for the purposes of the Annual and Special General Meeting, to be held by the persons who held them at that time. Accordingly, those persons are entitled to attend and vote (if not excluded) at the Annual and Special General Meeting.

The Company has fixed 5.00pm (Toronto time) on Wednesday, 12 October 2011 as the relevant time and date for determining the Shareholders of the Company on the Canadian register entitled to receive this Notice of Annual and Special General Meeting.

If you are a beneficial shareholder of the Company and receive these materials through your broker or another intermediary, please complete and return the form of proxy in accordance with the instructions provided by your broker or intermediary.

Voting restrictions

Resolution 1

The Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the Company's key management personnel, details of whose remuneration are included in the Remuneration Report (**KMP**); or a closely related party of a KMP whether the votes are cast as a shareholder, proxy or in any other capacity.

However, the Company will not disregard a vote cast by a member of the KMP (**KMP member**) or a closely related party of a KMP member if the vote is cast as a proxy; the proxy is appointed by writing that specifies how the proxy is to vote on Resolution 1; and the vote is not cast on behalf of a KMP member or a closely related party of a KMP member.

KMP members are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

If you are a KMP member or a closely related party of a KMP member (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as described above), you may commit an offence by breaching the voting restrictions that apply to you under the Corporations Act.

A closely related party of a KMP member means any of the following:

- a spouse or child of the KMP member;
- a child of the KMP member's spouse;
- a dependant of the KMP member or the KMP member's spouse;
- anyone else who is one of the KMP member's family and may be expected to influence the KMP member, or be influenced by the KMP member, in the KMP member's dealing with the Company;
- a company the KMP member controls; or
- a person prescribed by regulations (as at the date of this Notice of Annual General Meeting, no such regulations have been prescribed).

The proxy form accompanying this Notice of Annual General Meeting contains detailed instructions regarding how to complete the proxy form if a Shareholder wishes to appoint the Chairman as his or her proxy and to authorise the Chairman to vote on the resolution to adopt the Remuneration Report (Resolution 1). You should read those instructions carefully.

If you wish to appoint the Chairman as your proxy but you do not want to put the Chairman in the position to cast your votes in favour of the resolution to adopt the Remuneration Report (Resolution 1), you should complete the appropriate box on the proxy form, directing the Chairman to vote against or abstain from voting on Resolution 1.

Resolution 5

Pursuant to Listing Rule 14.11, the Company will disregard any votes cast on Resolution 5 by any person who participated in the issue and any associate of that person.

However, the Company need not disregard a vote in respect of Resolution 5 if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolutions 6, 7, 8 and 9

Pursuant to section 250BD of the Corporations Act, the Company will disregard any votes cast on any of Resolutions 6, 7, 8 and 9 by or on behalf of a KMP member or a closely related party of a KMP member where the votes are cast as a proxy.

However, the Company will not disregard a vote cast by a KMP member or a closely related party of a KMP member if it is cast as a proxy and either of i. or ii. below applies:

- i. the proxy is appointed by writing that specifies how the proxy is to vote on the resolution proposed; or
- ii. the proxy is the chair of the meeting and the chair's appointment expressly authorises the chair to exercise the proxy even though the resolution is connected with the remuneration of a KMP member.

If you are a KMP member (other than the chair of the meeting acting as a proxy) or a closely related party of a KMP member (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as indicated above), you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

KMP members and their closely related parties are as described above in the voting restrictions statement for Resolution 1.

Pursuant to Listing Rule 14.11, the Company will disregard any votes cast on any of Resolutions 6, 7, 8 and 9 by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of the director.

However, the Company need not disregard a vote in respect of Resolutions 6, 7, 8 and 9 if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 10

Pursuant to section 200E(2A) of the Corporations Act, a vote on Resolution 10 must not be cast (in any capacity) by or on behalf of a person who holds a managerial or executive office in the Company and to whom Resolution 10 permits benefits to be given or an associate of the person.

However, this does not prevent the casting of a vote if it is cast as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 10 and it is not cast on behalf of the person who holds a managerial or executive office with the Company and to whom Resolution 10 permits benefits to be given or an associate of that person.

By order of the Board

Date 20 October 2011

Signed



Kathryn Davies
Company Secretary

Explanatory Memorandum

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Annual and Special General Meeting of the Company to be held at 9.30am (Melbourne time) on Friday, 18 November 2011 at 'Morgans at 401', 401 Collins Street, Melbourne, Victoria, Australia. It forms part of the Notice of Annual and Special General Meeting and should be read together with that Notice.

2. Financial statements and reports

- 2.1 The Board is required to lay before the Annual and Special General Meeting the financial statements, Directors' report and independent auditor's report for the year ended 30 June 2011.
- 2.2 Copies of the financial statements, the Directors' report and the independent auditor's report are contained in the Company's Annual Report for the year ended 30 June 2011, which will be dispatched to Shareholders who have elected to receive a hard copy.
- 2.3 A copy of the Annual Report, including the full financial report, and the auditor's report will be tabled at the Annual and Special General Meeting and can be accessed at the Company's website at www.mineraldeposits.com.au.
- 2.4 The Chairman of the Annual and Special General Meeting will take Shareholders' questions and comments about the management of the Company. The auditor of the Company will be available to take Shareholders' questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements or the independence of the auditor in relation to the conduct of the audit.
- 2.5 In addition to taking questions at the Annual and Special General Meeting, written questions to the auditor about the content of the auditor's report or the conduct of the audit of the annual financial report to be considered at the Annual and Special General Meeting may be submitted not later than 5 business days before the Annual and Special General Meeting to:

The Company Secretary
Mineral Deposits Limited
Level 7, 530 Little Collins Street
Melbourne, Victoria, Australia 3000

Facsimile: (+613) 9621 1460
Email: companysecretary@mineraldeposits.com.au
- 2.6 Copies of any questions received will be made available at the Annual and Special General Meeting. The Chairman of the Annual and Special General Meeting will allow the auditor to answer written questions submitted to the auditor before the Annual and Special General Meeting. If the auditor has prepared a written answer to a question, the Chairman of the Annual and Special General Meeting may permit the auditor to table that written answer. A written answer tabled at the Annual and Special General Meeting will be made reasonably available to Shareholders as soon as reasonably practicable after the Annual and Special General Meeting.
- 2.7 The financial statements and reports are not subject to a shareholder vote other than Resolution 1, being the adoption of the Remuneration Report for the year ended 30 June 2011.

3. Resolution 1 – Adoption of Remuneration Report for the year ended 30 June 2011

- 3.1 Section 250R(2) of the Corporations Act requires the Company to put to the vote at the Annual and Special General Meeting a resolution that the Remuneration Report be adopted. The Company is also required to inform Shareholders in the Notice of Annual and Special General Meeting that a resolution to this effect will be put at the Annual and Special General Meeting. The Remuneration Report is contained within the Directors' Report in the Company's Annual Report for the year ended 30 June 2011. It sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the Managing Director, specified executives and the non-executive Directors.
- 3.2 Shareholders are advised that, pursuant to section 250R(3) of the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors or the Company. Accordingly, the Company will not be required to alter any arrangements detailed in the Remuneration Report, should the Remuneration Report not be adopted. However, notwithstanding this strict legal position, the Board has determined that it will take the outcome of the vote and comments made by Shareholders on the Remuneration Report into consideration when determining the remuneration policy of the Company.
- 3.3 Further, under recent amendments to the Corporations Act, if 25 per cent or more of the votes cast on Resolution 1 are against adoption of the Remuneration Report, then:
- if comments are made on the Remuneration Report at the Annual General Meeting, the Company's remuneration report for the financial year ending 30 June 2012 will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this; and
 - if, at the Company's 2012 Annual General Meeting, 25 per cent or more of the votes cast on the resolution for the adoption of the remuneration report for the financial year ending 30 June 2012 are against its adoption, the Company must put to its shareholders a resolution proposing that an extraordinary general meeting (**Spill Meeting**) be held within 90 days of the date of the 2012 Annual General Meeting. Where a Spill Resolution is carried (ie. more than 50% of the votes cast on the Spill Resolution are in favour of the Spill Resolution), all of the directors in office at the 2012 Annual General Meeting (other than the Managing Director) will cease to hold office immediately before the end of the Spill Meeting, unless they are re-elected at the Spill Meeting.
- 3.4 The Company recommends that members who submit proxies should consider giving "how to vote" directions to their proxyholder on each resolution, including this Resolution 1. If you complete a proxy form that authorises the Chairman of the Annual and Special General Meeting to vote on your behalf as a proxyholder, and you do not mark any of the boxes "for" or "against" or "abstain" so as to give the Chairman directions about how your vote should be cast, your proxy will automatically be directed in favour of the resolution to adopt the Remuneration Report, and the Chairman will vote accordingly.
- 3.5 **If you wish to appoint the Chairman of the Annual General Meeting as your proxyholder but you do not want to put the Chairman in the position to cast your votes in favour of Resolution 1, you should complete the appropriate box on the proxy form, directing the Chairman to vote against or abstain from voting on Resolution 1.**
- 3.6 *The Directors recommend Shareholders vote in favour of Resolution 1.*

4. Resolution 2 – Election of Mr Rick Sharp as a director

- 4.1 Under clause 56.1 of the Company's constitution, Mr Rick Sharp was appointed as Managing Director and Chief Executive Officer on 1 July 2011. As a result of clause 56.2 of the Constitution, if Mr Sharp is to continue to hold office as a director, he must be elected at the upcoming Annual General Meeting. Once elected in accordance with clause 56.2 of the Constitution, the Managing Director is not subject to the retirement by rotation provisions of clause 58 of the Constitution.

4.2 Mr Sharp joined MDL in July 2009 in the position of Chief Financial Officer. His role at MDL has been broadly focused, covering strategy and business planning, and all commercial functions. Prior to joining MDL, Mr Sharp spent more than 15 years in corporate advisory and investment banking, specialising in both M&A and equity capital market transactions for emerging companies, and six years in chartered accounting. Mr Sharp is a member of the Institute of Chartered Accountants in Australia and Financial Services Institute of Australasia (FINSIA), and has a Bachelor of Economics from Monash University.

Mr Sharp is responsible for managing the day to day business of the Company, both corporate and operational; preparing the Company's annual strategic plan; investor/public relations; and evaluating new business opportunities. In fulfilling his duties, Mr Sharp serves on the Board of Directors of both TiZir Limited, the company owned equally by Mineral Deposits Limited and ERAMET SA and formed to own the Grande Côte mineral sands project in Senegal and the Tyssedal ilmenite upgrading plant in Norway, and of Grande Côte Operations SA, which is the operating company with direct ownership of the Grande Côte mineral sands project.

4.3 *The directors (other than Mr Sharp) recommend that you vote in favour of Resolution 2. Mr Sharp makes no recommendation to Shareholders. All of the Directors entitled to vote on Resolution 2 intend to vote in favour of the Resolution.*

5. Resolutions 3 and 4 – Re-election of Directors

5.1 The Company's Constitution states that an election of directors must take place each year and that directors, other than the Managing Director, must not hold office for more than three years without re-election. Mr Clever Fonseca was due for re-election in 2011 however Mr Fonseca will be retiring from the Board at the close of the 2011 Annual General Meeting and is therefore not seeking re-election. Mr Fonseca is the proposed CEO of TiZir Limited, the company owned equally by Mineral Deposits Limited and ERAMET SA and formed to own the Grande Côte mineral sands project in Senegal and the Tyssedal upgrading plant in Norway. Further information on TiZir is available on the Company's website at www.mineraldeposits.com.au.

Following Mr Fonseca's retirement from the Board and assuming resolutions 3 and 4 are both passed, the Board will comprise three executive and three non-executive directors. All three non-executive directors are independent. While the Directors believe that the Board currently comprises a balance of complementary skills, experience and expertise to fulfil the needs of the Company in its present circumstances, it is their intention to structure the Board so that it consists of a majority of independent directors.

The two directors who are next scheduled to retire by rotation in accordance with the Constitution are Dr Robert Danchin and Mr Murray Grant and, being eligible to do so, offer themselves for re-election.

5.2 **Dr Robert Danchin** – Dr Danchin has over 40 years' experience in the exploration industry. He was Chief Executive Officer of Anglo American plc's Exploration and Acquisition Division and the Anglo American Group's Deputy Technical Director (Geology). From 1997 to 2002, he was an executive director of Anglo American Corporation of South Africa Limited. In 1980, he joined Stockdale Prospecting Limited (an Australian subsidiary of De Beers) as Chief Geologist based in Australia. He remained with that company for 15 years, eventually becoming Exploration Manager heading up its Australian-based diamond exploration programme.

Dr Danchin is an independent, non-executive director of the Company and is also Deputy Chairman with special responsibility for corporate governance and related areas. He is a member of the Audit and Remuneration Committees of the Company.

Dr Danchin has been a Director of the Company since February 2007.

The Directors (other than Dr Danchin) recommend that you vote in favour of Resolution 3. Dr Danchin makes no recommendation to Shareholders. All of the Directors entitled to vote on Resolution 3 intend to vote in favour of the Resolution.

- 5.3 **Mr Murray Grant** – Mr Grant has been a Partner of Actis LLP since its formation in 2004 and prior to that was a Director of CDC Group plc. He joined CDC in 2001 after a 13 year investment career with 3i Group plc. There he worked on a diverse range of investments in over 300 businesses across a range of industry sectors. Prior to working at 3i, Mr Grant spent four years in the construction industry working on large infrastructure projects in Africa, Australia and Papua New Guinea. These projects were broadly split between the mining and power sectors. He remains on the boards of African Fabrics BV (The Netherlands), DFCU Limited (Uganda), BCR (Rwanda) and Copperbelt Minerals Ltd (BVI) and is a trustee of AMREF UK. Mr Grant holds an MBA from London Business School and a BSc (Hons) in Engineering from Edinburgh University.

Mr Grant is an independent, non-executive director of the Company and is a member of the Audit and Remuneration Committees of the Company.

Mr Grant has been a Director of the Company since May 2009.

- 5.4 *The Directors (other than Mr Grant) recommend that you vote in favour of Resolution 4. Mr Grant makes no recommendation to Shareholders. All of the Directors entitled to vote on Resolution 4 intend to vote in favour of the Resolution.*

6. Resolution 5 – Ratify issue of shares

6.1 Details of previous issue

In June 2011 MDL completed a fully underwritten institutional placement of 10 million shares (“Placement”), raising A\$60 million, in conjunction with a 1 for 4 accelerated non-renounceable pro-rata entitlement offer (“Entitlement Offer”) to eligible shareholders of the Company, raising an additional A\$77 million. Gross proceeds raised from the Placement and Entitlement Offer have been and will be utilised primarily to fund MDL’s equity contributions for the development of the Grande Côte mineral sands project in Senegal, for general working capital purposes and to pay costs associated with the offer.

The Company seeks subsequent approval for the Placement under Resolution 5 for the purposes of Listing Rules 7.4 and 7.5 so that the Placement is treated as having been made with approval for the purpose of Listing Rules 7.1.

6.2 Legal and Regulatory Requirements

ASX Listing Rule 7.1

Under Listing Rule 7.1, the prior approval of the shareholders of a listed company is required for an issue of equity securities if the securities, when aggregated with securities issued by the company during the previous 12 months, represent more than 15% of its existing equity capital in any 12 month period.

Prior shareholder approval of an issue of equity securities is not required unless the proposed issue of equity securities would result in the 15%/12 month rule calculation under Listing Rule 7.1 being exceeded.

In June 2011, ASX granted the Company a waiver from Listing Rule 7.1 to allow the 15% calculation to be based on a number of Shares which included the underwritten component of the Entitlement Offer, subject to certain conditions being satisfied.

ASX Listing Rule 7.4

Listing Rule 7.4 provides that a listed company may approve at a general meeting a previous issue of equity securities which did not infringe Listing Rule 7.1 when it was made. If shareholder approval is obtained, the previous issue is treated as having been made with the approval of shareholders for the

purpose of Listing Rule 7.1. This means that the company can then exclude that issue of securities when determining its capacity to issue further equity securities during the current 12 month period without prior shareholder approval. If Resolution 5 is passed, MDL will be able to raise further capital without the delay involved with the requirement to seek prior shareholder approval, allowing it to readily take advantage of opportunities as and when they arise.

If approved, Resolution 5 will ratify and approve the previous issue and allotment of a total of 10 million Shares as set out in the Resolution.

ASX Listing Rule 7.5

ASX Listing Rule 7.5 requires the Notice of Annual General Meeting, at which shareholders are required to consider Resolution 5 pursuant to Listing Rule 7.4, to include certain specified information in relation to the equity securities that have been issued. This information is set out below:

- (a) the number of securities allotted: 10,000,000 shares;
- (b) the price at which the securities were issued: A\$6.00 per share;
- (c) the terms of the securities: the shares issued were all fully paid ordinary shares ranking equally in all respects with the other fully paid ordinary shares then on issue;
- (d) the names of the allottees or the basis on which the allottees were selected: the allottees were selected by a limited number of institutions with which the shares were placed by Goldman Sachs, Euroz Securities and GMP Securities;
- (e) the use (or intended use) of the funds raised: the gross proceeds of the offer have been and will be utilised primarily to fund MDL's equity contributions for the development of the Grande Côte Mineral Sands Project in Senegal, general working capital purposes and costs associated with the offer; and
- (f) a voting exclusion statement: this statement is included in the Notice of Annual General Meeting of which this Explanatory Statement forms part (please refer to page 6).

TSX Rules

As an issuer with shares listed on the TSX, MDL must also consider the rules of the TSX with respect to share issuances and shareholder approval. MDL has certain exemptions available to it under such rules because more than 75% of the value and volume of trading in its shares occurred on the ASX in the six months prior to the notification to the TSX of this share issuance.

6.3 *The Directors recommend that you vote in favour of Resolution 5. All of the Directors entitled to vote on Resolution 5 intend to vote in favour of the Resolution.*

7. Resolution 6 – Exemption of issue of securities under the MDL Employee Incentive Plan

7.1 The MDL Employee Incentive Plan is designed to increase the motivation of staff and create a stronger link between increasing Shareholder value and employee reward. The Company wishes to exempt issues of securities under the Plan from contributing towards the rolling annual limit of 15% of issued ordinary shares prescribed by Listing Rule 7.1. This limit otherwise applies to all new issues of equity securities made without shareholder approval. Shareholder approval of the Plan is sought under Listing Rule 7.2 Exception 9(b) whereby Shareholders may approve the issue of securities under an employee incentive scheme for a period of 3 years as an exception to the limit under Listing Rule 7.1.

7.2 To achieve its corporate objectives, the Company needs to attract and retain its key staff.

The Directors believe that grants made to eligible employees under the Plan will provide a powerful tool to underpin the Company's employment strategy and that the implementation of the MDL Employee Incentive Plan will:

- ▶ enable the Company to recruit and retain talented people needed to achieve the Company's business objectives;
- ▶ link the reward of key staff with the achievements of strategic goals and the long term performance of the Company;
- ▶ align the financial interest of participants of the Plan with those of Shareholders; and
- ▶ provide incentives to participants of the Plan to focus on superior performance that creates Shareholder value.

7.3 The MDL Employee Incentive Plan was established on 31 August 2011. Accordingly, it has not been the subject of Shareholder approval previously. No Performance Rights have been granted under the MDL Employee Incentive Plan since it was established. See also Section 8.1.

7.4 A summary of the terms of the MDL Employee Incentive Plan is as follows:

- (i) **Offers** – The Board may from time to time in its absolute discretion offer incentives (ie. Performance Rights) to full or part-time employees of the Company (including Directors, subject to obtaining Shareholder approval) or its subsidiaries who are declared by the Board to be eligible to receive incentives granted under the Plan.

An offer to any proposed participant of the Plan must set out the number of incentives being offered, the performance conditions governing the incentives offered to the eligible employee, vesting periods in respect of the incentives offered, the exercise price (if any) payable on the exercise of incentives once they have vested, expiry dates for the exercise of incentives and other similar terms.

Unless the Board determines otherwise, no amount is payable on the grant of an incentive. The vesting of incentives will be subject to certain criteria.

- (ii) **Acceptance** – An eligible employee who has received an offer of incentives may only accept that offer in writing, and such acceptance must occur within 10 business days after receipt of the offer or such longer period as the Board may determine.
- (iii) **Number on issue** – An offer of incentives must not be made if the aggregate of the following would exceed 5% of the total number of Shares on issue at the time the offer is made:
- the number of incentives which are the subject of the offer;
 - the total number of incentives which are the subject of any outstanding offer;
 - the total number of Shares which would be issued under all outstanding incentives which have been granted but not exercised, terminated or expired;
 - the number of Shares issued during the previous five years pursuant to the MDL Employee Incentive Plan or any employee incentive scheme of the Company,

but disregarding any offer for the issue of Shares or incentives made to persons situated at the time of receipt of the offer outside Australia, an offer made under a disclosure document or an offer that did not need disclosure because of section 708 of the Corporations Act.

- (iv) **Vesting** - Vesting of each incentive is conditional on the satisfaction of the performance conditions attaching to the incentives. Satisfaction of any such condition does not automatically trigger the exercise of the incentive. The Company will provide a participant in the MDL Employee Incentive Plan with a confirmation notice when any performance condition applicable to that participant's incentives has been satisfied.
- (v) **Exercise** – In respect of incentives which have vested, the holder of those incentives is entitled to exercise them by delivering to the Company a notice in writing stating the number of incentives to be exercised together with full payment of the exercise price (if any) for the corresponding new

Shares to be issued. The Company will then allot and issue that number of new Shares corresponding to the number of incentives exercised. All such Shares will upon allotment be credited as fully paid and rank equally with other issued fully paid ordinary shares in the capital of the Company. Whilst the Company is listed on ASX, it must apply for quotation of those new Shares on ASX as soon as practicable after allotment.

- (vi) **Transfer** – Incentives are not transferable or assignable, except with the prior approval of the Board.
- (vii) **Rights of participants** - Upon cessation of employment of a participant, the incentives held by that participant which have vested are exercisable within 60 days and any vested incentives not exercised during that period will lapse. Upon cessation of employment of a participant, unvested incentives will lapse unless the participant is a 'Good Leaver' (see Section 9.2 for further details).

In circumstances where Resolution 10 has previously been passed (or if not passed, a similar resolution for the purposes of the 'termination benefits' provisions (sections 200B and 200E) of the Corporations Act is passed at a separate general meeting of the Company) and the participant is a 'Good Leaver' (see Section 9.2 for further details), the incentives held by that participant which have not vested will vest or lapse in accordance with the relevant employee offer letter, subject to the discretion of the Board.

Should a Change of Control event occur, the incentives held by a participant which have not yet vested will vest or lapse in accordance with the relevant employee offer letter, subject to the discretion of the Board.

- (viii) **Lapse** – Unless exercised, the incentives of a participant will lapse on the earliest of: the relevant expiry date, the date the participant ceases to be an employee of the Company (subject to the operation of the rule regarding 'Rights of participants' referred to above) and the date a Change of Control occurs (subject to the operation of the rule regarding 'Rights of participants' referred to above). In any event, all incentives will lapse on the liquidation of the Company.
- (ix) **Reorganisation of capital** – In the event of any reorganisation of capital (other than a bonus issue or issue for cash), the terms of the incentives granted will be adjusted in accordance with the Listing Rules.
- (x) **Bonus issue** – If, prior to the exercise of an incentive, the Company makes a bonus issue to Shareholders, and the incentive is not exercised prior to the record date in respect of that bonus issue, the incentive will, when exercised, entitle the holder to one Share plus the number of bonus shares which would have been issued to the incentive holder if the incentive had been exercised prior to the record date.
- (xi) **Administration** – The MDL Employee Incentive Plan will be administered by the Board. Whilst the Company is listed on ASX, the Board must exercise its powers in accordance with the Listing Rules.
- (xii) **Suspension, termination and amendment** – The MDL Employee Incentive Plan may be suspended, terminated or amended at any time by the Board, subject to any resolution of the Company required by the Listing Rules.

7.5 *The Directors (other than Nic Limb, Rick Sharp and Martin Ackland, who make no recommendation) recommend that you vote in favour of Resolution 6.*

8. Resolutions 7, 8 and 9 – Grant of performance rights to executive Directors

8.1 In June 2011, the remuneration committee of the Company engaged independent remuneration consultants to provide advice on variable remuneration structures, including short term incentives and long term incentives for executives. The Board recognises the importance of including a variable remuneration component in an executive's remuneration package that is only paid on the achievement of key objectives that the Board considers will deliver increased Shareholder value. The MDL Employee

Incentive Plan was established on 31 August 2011 as a result of the advice received and comprises the equity component of the at risk/reward opportunity, which for the 2011/2012 year will be the provision of Performance Rights (being a right to receive a number of fully paid shares in the Company for no monetary consideration) to eligible executives, subject to performance hurdles being satisfied. Mr Clever Fonseca is retiring from the Board as set out in Section 5.1 of this Explanatory Memorandum and is not eligible to participate in the MDL Employee Incentive Plan. Non-executive directors are also not eligible to participate in the Plan. Further information on remuneration of executives and non-executive directors is set out in the Remuneration Report.

8.2 Resolutions 7, 8 and 9 seek approval for the grant of Performance Rights (being a right to receive a number of fully paid shares in the Company for no monetary consideration, subject to the satisfaction of performance hurdles), as a long term incentive to the three executive Directors of the Company. Subject to Shareholder approval, it is proposed to grant the following number of Performance Rights to each of the following Directors:

- ▶ 100,000 to Mr Nic Limb, Executive Chairman;
- ▶ 100,000 to Mr Rick Sharp, Managing Director; and
- ▶ 50,000 to Mr Martin Ackland, Executive Director,

on terms and conditions which are summarised in this Explanatory Memorandum.

8.3 The purpose of the long term incentives is to provide Mr Limb, Mr Sharp and Mr Ackland with an appropriate incentive which is “at risk” and which is aligned to the Company’s long term strategic plans and business objectives.

8.4 The **performance hurdles** comprise an equal mix of continued employment, an external hurdle and an internal hurdle (unless an accelerated vesting occurs as outlined in Section 8.5) as follows:

- ▶ 1/3 Continued employment hurdle – the executive must remain employed by MDL in order to receive the reward thereby providing an incentive for the executive to commit to MDL for the long term.
- ▶ 1/3 External hurdle - a calculation of the relative Total Shareholder Return (“TSR”) of MDL measured against a comparator group during the period from 1 September 2011 to 31 August 2014 whereby the relative TSR hurdle vests:
 - 50% where the TSR performance is better than 50% of the comparator group;
 - 100% where the TSR performance is better than 75% of the comparator group; and
 - proportionate linear vesting from 50% to 100% where the TSR performance is between 50% and 75% of the comparator group.

The comparator group is the S&P/ASX Resources 300 Index excluding those companies which are also in the S&P/ASX Resources 100 Index. The comparator group is intended to reflect any competitors, companies and sectors where investors may choose to invest their money if not in MDL with particular regard to those companies of similar industry and market capitalisation.

- ▶ 1/3 Internal hurdle – achieving commercial sales of product from Grande Côte prior to 1 July 2014. The company has identified the achievement of commercial sales from the Grande Côte project as its key strategic focus over the next 3 years. The Grande Côte project is currently in development with plant commissioning scheduled for mid-2013 and commencement of production scheduled for late - 2013.

8.5 The **vesting date** of the Performance Rights will be the earliest to occur of:

- ▶ 31 August 2014, being three years from date the Board of Directors agreed, subject to Shareholder approval, to grant the Performance Rights to Mr Limb, Mr Sharp and Mr Ackland (subject to Section 8.4);
- ▶ the date of a Change of Control of the Company whereby if the Change of Control occurs:
 - during the first year of the vesting period, 50% vest;
 - during the second year of the vesting period, 75% vest; and
 - during the third year of the vesting period, 100% vest;

Should a Change of Control occur, the opportunity for the Performance Rights to vest may be taken away from the participants. For this reason, the Board considers that the above Change of Control provisions provide an appropriate outcome on the basis that the Change of Control event would likely have been approved by Shareholders;

- ▶ subject to Resolution 10 being passed, the date where employment of the relevant director ceases for reason of genuine redundancy, ill health, injury, disability or death or any other reason which the Board determines, on a case by case basis, in its absolute discretion results in the relevant director being a 'good leaver' (*see Section 9.2 for further details*), whereby a proportion of the retained Performance Rights will vest, with such proportion being equal to that number of days which have elapsed from the date of grant of the incentives until the date of cessation of employment as a proportion of the total number of days in the relevant 3 year performance period. For example, if cessation of employment occurs at a time when 18 months of a 3 year performance period have elapsed, 50% of the Performance Rights will vest; and
- ▶ subject to Resolution 10 being passed, the date of termination of employment of the relevant director without cause by the Company (including termination upon the giving of notice by the Company), whereby a proportion of the retained Performance Rights will vest, with such proportion being equal to that number of days which have elapsed from the date of grant of the incentives until the date of termination of employment as a proportion of the total number of days in the relevant 3 year performance period.
- ▶ Upon cessation of employment of a participant, where Resolution 10 (or any similar resolution for the purposes of the 'termination benefits' provisions of the Corporations Act) has not previously been passed and the participant is a 'Good Leaver', their unvested incentives will not vest on an accelerated basis. In these circumstances, unvested Performance Rights that do not relate to the 'continued employment' performance hurdle will remain on issue until the conclusion of the relevant performance period at which time those unvested options may either vest or lapse in accordance with their terms (ie. based on satisfaction of the other relevant performance hurdles over the relevant performance period), disregarding the cessation of employment. However, their unvested Performance Rights that relate to the 'continued employment' performance hurdle will automatically lapse. Where the participant is **not** a 'Good Leaver', all unvested incentives held by that participant will immediately lapse.

8.6 No exercise price is payable in respect of the exercise of any Performance Rights referred to above which have vested.

8.7 In accordance with the requirements of Listing Rule 10.15A, the following information is provided to Shareholders in respect of Resolutions 7, 8 and 9 to allow them to assess the proposed grant of Performance Rights to Nic Limb (Resolution 7), Rick Sharp (Resolution 8) and Martin Ackland (Resolution 9), each directors of the Company:

- ▶ The maximum number of Performance Rights to be granted to each of Nic Limb, Rick Sharp and Martin Ackland is as follows:

- Nic Limb: 100,000 Performance Rights;
 - Rick Sharp: 100,000 Performance Rights;
 - Martin Ackland: 50,000 Performance Rights.
- ▶ There is no monetary consideration payable by any of Nic Limb, Rick Sharp or Martin Ackland in respect of the proposed grant of Performance Rights to each of them pursuant to the offers made to each of them.
 - ▶ No Performance Rights have been granted under the MDL Employee Incentive Plan previously and no previous approval has been obtained in relation to the grant of Performance Rights under the MDL Employee Incentive Plan.
 - ▶ In accordance with Company policy, the Executive Directors of the Company are the only persons referred to in Listing Rule 10.14 who are entitled to participate in the MDL Employee Incentive Plan (current proposed participants are Mr Nic Limb, Mr Rick Sharp and Mr Martin Ackland. Mr Clever Fonseca is retiring from the Board and is not eligible to participate in the Plan, see Section 5.1 for further information). All other eligible employees of the Company entitled to participate in the MDL Employee Incentive Plan are not directors of the Company, or associates of directors of the Company.
 - ▶ A voting exclusion statement is included in the Notice of Meeting of which this Explanatory Statement forms part (please refer to page 7).
 - ▶ No loans exist in relation to the proposed grant of Performance Rights to Nic Limb, Rick Sharp and Martin Ackland.
 - ▶ Details of any Performance Rights granted under the MDL Employee Incentive Plan will be published in each annual report of the Company relating to the relevant period in which the Performance Rights have been granted, and that approval for the grant of the Performance Rights was obtained under Listing Rule 10.14.
 - ▶ Any additional persons referred to in Listing Rule 10.14 who become entitled to participate in the MDL Employee Incentive Plan after Resolutions 7, 8 and 9 are approved and who were not named in the Notice of Meeting will not participate in the MDL Employee Incentive Plan until approval is obtained under ASX Listing Rule 10.14.
 - ▶ The date by which the Company will grant the Performance Rights referred to above to Nic Limb, Rick Sharp and Martin Ackland must be no later than 3 years after the date of the Annual General Meeting at which Resolutions 7, 8 and 9 are approved. The Company will comply with this requirement.

8.8 Resolution 7 – Nic Limb: Nic has been Chairman of MDL since 1994. He has professional qualifications as a geoscientist and worked in the mineral exploration sector for 10 years. In 1983 he joined a stockbroking firm as a corporate financier in the natural resources finance division and subsequently joined a major international investment bank as an executive director, again working in resources finance. In 1993 he became Managing Director of a small listed gold explorer which grew to a substantial gold producer prior to being taken over in 2000. In 1994 he formed MDL and has acted as Chairman since that time. During his tenure as Chairman, MDL discovered and subsequently developed the large Sabodala Gold Project in Senegal and progressed the Grande Côte mineral sands project to its current construction status.

Mr Limb is responsible for maintaining relations with investors, analysts, brokers and the Company's appointed advisers; raising funds as required; and evaluating new business opportunities. In fulfilling his duties, Mr Limb serves on the Board of Directors of TiZir Limited, the company owned equally by Mineral Deposits Limited and ERAMET SA and formed to own the Grande Côte mineral sands project in Senegal and the Tyssedal ilmenite upgrading plant in Norway, and of Grande Côte Operations SA, which is the operating company of the Grande Côte mineral sands project.

Resolution 7 - The Directors (other than Mr Limb) recommend that you vote in favour of Resolution 7. Mr Limb makes no recommendation to Shareholders. All of the Directors entitled to vote on Resolution 7 intend to vote in favour of the Resolution.

8.9 **Resolution 8 - Rick Sharp:** Details on Mr Sharp are set out in Section 4.2 above.

Resolution 8 - The Directors (other than Mr Sharp) recommend that you vote in favour of Resolution 8. Mr Sharp makes no recommendation to Shareholders. All of the Directors entitled to vote on Resolution 8 intend to vote in favour of the Resolution.

8.10 **Resolution 9 – Martin Ackland:** Mr Ackland is a qualified metallurgist and has spent over 40 years in the resources industry in a variety of roles that involved the creation of major resource groups from small capital bases. He was appointed to the Board of MDL in 2003 and was a key member of the executive team for the Sabodala gold project. He has a very strong background in project development, particularly in mineral sands, and his experience embraces a range from project development through financing and capital raising in both the project and corporate areas.

Mr Ackland has prime responsibility for the project implementation and engineering aspects of the company's projects. His current duties include the provision of engineering related technical, management and execution advice and counsel to the Executive Committees of both the Grande Côte Project and the Tyssedal smelter expansion. In fulfilling his duties, Mr Ackland serves on the Board of Directors of TiZir Limited, the company owned equally by Mineral Deposits Limited and ERAMET SA and formed to own the Grande Côte mineral sands project in Senegal and the Tyssedal ilmenite upgrading plant in Norway, and of Grande Côte Operations SA, which is the operating company of the Grande Côte mineral sands project. He is also Chairman of Grande Côte Operations SA and is a member of the Tyssedal Expansion Steering Committee.

Resolution 9 - The Directors (other than Mr Ackland) recommend that you vote in favour of Resolution 9. Mr Ackland makes no recommendation to Shareholders. All of the Directors entitled to vote on Resolution 9 intend to vote in favour of the Resolution.

9. Resolution 10 – Vesting of performance rights on Accelerated Event and Approval of Termination Benefits

9.1 Why Shareholder approval is being sought

The Company is seeking Shareholder approval for all purposes (including for the purposes of sections 200B and 200E of the Corporations Act) to any "termination benefits" that may be provided to a participant under the MDL Employee Incentive Plan or under their employment agreement with the Company.

Approval is being sought in respect of any current or future participant who holds a managerial or executive office in the Company or a related body corporate ("**Executive Officer**") at the time of their leaving or at any time in the three years prior to their leaving and who holds performance rights and/or options under the MDL Employee Incentive Plan at the time of their leaving.

Resolution 10 is proposed to seek Shareholder approval to enable the Company to pay or provide to the Executive Officers a benefit potentially in excess of their average annual base salary remuneration where termination is for the reasons outlined in Section 9.2.

Shareholder approval under Resolution 10 **does not** give the Board authority to make ex-gratia golden handshake payments to Executive Officers, nor does it give the Board authority to unilaterally accelerate the vesting of any Performance Rights.

9.2 What is the Company seeking approval for?

If Resolutions 6, 7, 8 and 9 are passed the grant of Performance Rights under the MDL Employee Incentive Plan provides each of Nic Limb, Rick Sharp and Martin Ackland and other Executive Officers with an “at risk” long term incentive component to their remuneration packages.

If Resolution 10 is passed, should an Accelerated Event occur the Performance Rights granted under the MDL Employee Incentive Plan will vest.

An '**Accelerated Event**' occurs when, in respect of the relevant Executive Officer, employment ceases due to any one of the following occurring:

- (i) genuine redundancy ;
- (ii) ill health;
- (iii) injury;
- (iv) disability;
- (v) death;
- (vi) any other reason which the Board determines, on a case by case basis, in its absolute discretion results in the relevant participant being a 'good leaver'; or
- (vii) termination of employment by the Company without cause (including upon the giving of notice by the Company),

(in each case, a '**Good Leaver**').

In determining whether to exercise its discretion in a particular case in (vi) above, the Board will take into account all relevant circumstances. Particular factors which the Board may consider relevant in an individual case may include the performance of the participant and the Company against applicable performance hurdles, as well as the participant’s individual performance and the overall contribution that they have made during their time with the Company and the time period lapsed since grant.

Without shareholder approval, the Company may be unable to lawfully provide the benefit of the vesting of a portion of Performance Rights where an Accelerated Event occurs.

9.3 What is the value of the termination benefits?

The value of any termination benefit cannot be determined in advance.

Matters, events and circumstances that will, or are likely to, affect the calculation of the value of a termination benefit that may be given to an Executive Officer by reason of the acceleration of any unvested Performance Rights include:

- the number of Performance Rights held by the Executive Officer prior to cessation of employment or loss of office with the Company;
- the amount of time during the relevant performance period that has elapsed by the date of cessation of employment or loss of office with the Company; and
- the Company’s share price on ASX at the time of the participant ceasing to be an employee.

The Company will calculate the value of this benefit as being equal to the value of the number of Performance Rights that vest, where that value is determined as being equal to the price of a Share on ASX at the time of the calculation.

Matters, events and circumstances that will, or are likely to, affect the calculation of the value of a termination benefit that may be given to an Executive Officer pursuant to their employment agreement with the Company include the fixed remuneration of the Executive Officer, the time at which and the circumstances in which the Executive Officer loses office and whether the Executive Officer is to receive a payment in lieu of notice in respect of all or part of the notice period. The cash amount payable for payment in lieu of notice will be determined by reference to the individual’s fixed remuneration level at the relevant time. Where employment is terminated by the Company without cause, each of Nic Limb,

Rick Sharp and Martin Ackland currently have a notice period of 12 months and each other Executive Officers currently have a notice period of less than or equal to 12 months. Remuneration of directors and executives is set out in the Remuneration Report of the Company. The current fixed remuneration of Mr Limb is A\$560,000, of Mr Sharp is A\$550,000 and of Mr Ackland is A\$378,400.

9.4 **What is the Board's recommendation?**

The Directors (other than Nic Limb, Rick Sharp and Martin Ackland, who have an interest in Resolution 10 and therefore make no recommendation) consider the adoption of Resolution 10 to be appropriate and reasonable and recommend that you vote in favour of Resolution 10.

Glossary and interpretation

In this Notice of Annual and Special General Meeting and Explanatory Memorandum, the following terms have the following meanings:

Annual and Special General Meeting	the Annual and Special General Meeting of the Company scheduled to be held on Friday, 18 November 2011
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ABN 98 008 624 691 or, if the context requires, the financial market operated by it
Board	the board of directors of the Company
Change of Control	Any person together with their associates acquiring more than 50% of the Shares of the Company, whether pursuant to a takeover bid or otherwise; or the sale or transfer of all or substantially all of the Company's assets.
Company	Mineral Deposits Limited ABN 19 064 377 420
Computershare	Computershare Investor Services Pty Ltd ABN 48 078 279 277
Constitution	the constitution of the Company
Corporations Act	The <i>Corporations Act 2001</i> (Cth) of Australia
Director	a director of the Company from time to time
Explanatory Memorandum	this Explanatory Memorandum, which forms part of the Notice of Annual and Special General Meeting
KMP	the Company's key management personnel, details of whose remuneration are included in the Remuneration Report, and being those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company
KMP member	a member of the KMP
Listing Rules	the listing rules of ASX
MDL	Mineral Deposits Limited ABN 19 064 377 420
Notice of Annual and Special General Meeting	the Notice of Annual and Special General Meeting dated 20 October 2011 referred to in, and which accompanies, this Explanatory Memorandum
Performance Rights	a right to acquire a Share under the MDL Employee Incentive Plan described in section 7 of this Explanatory Memorandum
Plan	MDL Employee Incentive Plan described in section 7 of this Explanatory Memorandum
Proxy Form	a proxy form accompanying this Notice of Annual and Special General Meeting
Remuneration Report	The remuneration report of the Company included as part of the Directors Report in the Annual Report.
Resolution	a resolution referred to in the Notice of Annual and Special General Meeting
Share	a fully paid ordinary share in the capital of the Company

Shareholder	a person registered on the Company's share register as a member of the Company
TSX	Toronto Stock Exchange

In this Explanatory Memorandum and the Notice of Annual and Special General Meeting, unless the context otherwise requires:

- (a) the singular includes the plural and *vice versa* and words importing one gender include other genders;
 - (b) terms defined in the Corporations Act as at the date of this Explanatory Memorandum have the meanings given to them in the Corporations Act at that date;
 - (c) a reference to a statute of any parliament or any section, provision or schedule of a statute of any parliament includes a reference to any statutory amendment, variation or consolidation of the statute, section, provision or schedule and includes all statutory instruments issued under the statute, section, provision or schedule;
 - (d) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
 - (e) a reference to a Section or Schedule is a reference to a part of this Explanatory Memorandum and a reference to this Explanatory Memorandum includes any schedules; and
 - (f) headings and bold type are used for reference only.
-



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PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 9.30am (Melbourne time) Wednesday, 16 November 2011

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** →

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Mineral Deposits Limited hereby appoint

the Chairman of the Meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Mineral Deposits Limited to be held at Morgans at 401, 401 Collins Street, Melbourne on Friday, 18 November 2011 at 9.30am (Melbourne time) and at any adjournment of that meeting.

Important for Item 1 - If the Chairman of the Meeting is your proxy or is appointed as your proxy by default - If you do not mark any of the 'For', 'Against' or 'Abstain' boxes in step 2 below on Item 1 you are directing the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions as set out below and in the Notice of Meeting even though Item 1 is connected directly or indirectly with the remuneration of a member of key management personnel. **Please note you can direct the Chairman of the Meeting to vote 'For', 'Against' or 'Abstain' from voting on Item 1 by marking the appropriate box in step 2 below.**

Important for Items 6, 7, 8, 9 and 10 - If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Items 6, 7, 8, 9 and 10 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 6, 7, 8, 9 and 10 and your votes will not be counted in computing the required majority if a poll is called on these items. The Chairman of the Meeting intends to vote undirected proxies in favour of Items 6, 7, 8, 9 and 10 of business even though the items are connected directly or indirectly with the remuneration of a member of key management personnel.

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even though Items 6, 7, 8, 9 and 10 are connected directly or indirectly with the remuneration of a member of the key management personnel and even if he/she has an interest in the outcome of these Items and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain		For	Against	Abstain
Item 1 Adopt Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 6 Issue of securities under MDL Employee Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2 Election of Mr Rick Sharp as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 7 Grant of performance rights to Mr Nic Limb as a long term incentive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Re-election of Dr Robert Danchin as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 8 Grant of performance rights to Mr Rick Sharp as a long term incentive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Re-election of Mr Murray Grant as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 9 Grant of performance rights to Mr Martin Ackland as a long term incentive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5 Ratify issue of shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 10 Approval of the vesting of Performance Rights on accelerated event and approval of termination benefits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Subject to any applicable voting exclusions, the Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /