MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED 31 MARCH 2010

Mineral Deposits Limited ("MDL" or the Company") is an Australian-based mining company with a current focus in Senegal, West Africa through a producing gold mine, the Sabodala Gold Operation, and a to be developed mineral sands project, the Grande Côte Mineral Sands Project. The Company is listed on the Australian Securities Exchange ("ASX") (symbol: MDL) and the Toronto Stock Exchange ("TSX") (symbol: MDM).

The Sabodala Gold Operation, which poured its first gold in March 2009, is located 650 kilometres east of the capital Dakar within the West African Birimian geological belt in Senegal, and about 90 kilometres from major gold mines and discoveries in Mali. The Grande Côte Mineral Sands Project is located on the coast of Senegal starting approximately 50 kilometres north of Dakar and extending northwards for more than 100 kilometres.

The following Management's Discussion and Analysis ("MD&A") provides an analysis of the financial condition and results of operations of the Company for the three-months ended 31 March 2010 and has been prepared as of 14 May 2010. This MD&A is intended to complement and supplement, but does not form part of, the unaudited consolidated financial statements of MDL and the notes thereto for the three-months ended 31 March 2010 (the "Interim Financial Statements"). It should be read in conjunction with the Interim Financial Statements and with the Company's audited consolidated financial statements for the year ended 30 June 2009 and related notes thereto (collectively, the "Annual Financial Statements").

The Annual Financial Statements and the Interim Financial Statements, and the financial information contained in this MD&A, are prepared in accordance with International Financial Reporting Standards ("IFRS").

Additional information about the Company, including the Annual Financial Statements and the Interim Financial Statements, are available on SEDAR at www.sedar.com and on the Company's website at www.mineraldeposits.com.au.

All dollar amounts contained in this MD&A are expressed in United States dollars, unless otherwise stated.

1. THIRD (MARCH 2010) QUARTER HIGHLIGHTS

Financial Performance and Position

- Revenue from gold sales was $31.9 million – from the sale of 34,494 ounces at an average price of $924 per ounce
- Net cash income from mining activities was $11.9 million
- Operating cash flow was $14.7 million
- Cash at 31 March 2010 was $18.8 million
- Project Finance Facility at 31 March 2010 was $12 million – having been reduced from $38 million at 30 June 2009 through $26 million of principal repayments
- Mining Fleet Lease facility at 31 March 2010 was $10.5 million – having been reduced from $16.9 million at 30 June 2009 through $6.4 million of principal repayments
- Delivered 24,000 ounces into gold hedges leaving 271,500 ounces outstanding at 31 March 2010 (at $846/oz)

Sabodala Gold Operation

- Gold production was 35,214 ounces, in-line with guidance
- Total tonnes mined for the quarter was 3.6M tonnes (708K tonnes of ore and 2,896K tonnes of waste). Production was curtailed due to the continued low availability of the mine drilling fleet (due to mechanical breakdowns and parts supply issues) as well as the primary shovel being unavailable for two weeks
- The mine drill fleet is now being increased and a specialist drilling contractor is being sourced to provide drilling services and maintenance support to improve availability
- Mill throughput for the quarter was 592K tonnes – an annualised rate which continues to be some 20% above the name plate of 2.0 Mtpa
- Gross cash operating costs (excluding royalties) were $575/oz – the higher amount a function of a lower level of production and the inefficiencies in the mining operations
- Planning for the plant expansion from 2.0Mtpa to 3.5Mtpa (effective mid-2011) is being finalised. Orders are in place for long lead time mining equipment

Gold Exploration

- Regional gold exploration around Sabodala significantly ramped up such that four drill rigs are now on the regional land holding of more than 1,300km^2. Highlights included:
  - high grade drill results reported at Gora (formerly Zone D), including: 2m @ 25.3 g/t Au from 23m depth (SKRC001); 1m @ 147.2 g/t Au from 17m (SKRC006); 3m @ 23.6 g/t Au from 15m (SKRC008); 1m @ 17.5 g/t Au from 13m (SKRC011); 3m @ 10.0 g/t Au from 35m (SKRC012); 1m @ 14.1 g/t Au from 48m and 2m @ 16.5 g/t Au from 83m (SKRC014); 3m @ 32.0 g/t Au from 18m (SKRC018); and 4m @ 8.8 g/t Au from 56m (SKRC021) – refer Appendix 2 for all drill results
  - trenching returned 10m @ 9.7 g/t Au at the KC prospect (Sounkounkoun Permit) – another prospect in the area with bedrock gold mineralisation
  - detailed termite mound sampling returned significant gold anomalies within the Main Transcurrent Shear Zone (MTZ) along strike from Randgold's Massawa resource
- One diamond drill rig was also operational on the Mine Lease which advanced five of the eleven targets

Grande Côte Mineral Sands Project

- A significant portion of work for the Definitive Feasibility Study ("DFS") for the Project was completed during the quarter. Final Project optimisation work is currently expected to see the DFS completed in May 2010
- The anticipated total cost of the Project is now in the order of $400 million (including contingencies), reflecting the increased scope and current pricing of all new equipment
- Subject to confirmation with finalisation of the DFS, the projected economics of the Project remain favourable
- The Board of MDL has concluded that the interests of shareholders will best be met by spinning out the Project and financing it external to MDL through a separate IPO

2. CONSOLIDATED RESULTS

The following table summarises our consolidated results (in thousands of US$):

	Three-months ended 31 March		Nine-months ended 31 March	
	2010 US$'000	2009 US$'000	2010 US$'000	2009 US$'000
Gold produced (ounces)	35,214	3,534	135,266	3,534
Gold sold (ounces)	34,494	3,586	142,015	3,586
Revenue – gold sales	31,858	3,524	130,119	3,524
Cash operating cost of sales	(19,992)	(3,478)	(70,572)	(3,476)
Net cash income from mining activities	**11,866**	**47**	**59,547**	**48**
Depreciation and amortisation (mining operations)	(8,414)	(1,540)	(24,011)	(1,540)
Net income from mining activities	**3,452**	**(1,494)**	**35,536**	**(1,494)**
Administration expenses	(2,802)	(2,434)	(9,123)	(7,410)
Finance costs	(754)	(691)	(3,473)	(691)
Gold hedge unrealised gains/(losses)	5,147	(21,334)	(31,761)	(36,543)
Oil hedge unrealised gains/(losses)	(493)	(908)	1,089	(1,776)
Other income/(expenses)	(491)	(4,305)	(338)	45,558
Income tax benefit/(expense)	(441)	(691)	(5,754)	(691)
Profit attributable to minority interests	(159)	3,245	1,732	(1,410)
Profit/(Loss) attributable to owners of the parent	**3,459**	**(28,611)**	**(12,092)**	**(4,456)**
Basic earnings per share (cents)	0.6	(5.2)	(2.1)	(0.9)
Diluted earnings per share (cents)	0.6	(5.2)	(2.1)	(0.9)

Note: A comparison of results for the three-months and nine-months ended 31 March 2010 with the respective previous corresponding periods is not meaningful as the Sabodala gold mine only commenced gold production in the month of March 2009

Third (March 2010) Quarter

- Revenue from gold sales was $31.9 million, resulting from the sale of 34,494 ounces of gold at an average price of $924 per ounce – 24,000 ounces into the hedge book at $846/oz and 10,494 ounces at spot at an average price of $1,102/oz.
- Mine cash operating cost of sales was $20.0 million, equating to $580 per ounce of gold sold (being 34,494 ounces). This compares to cash operating cost of sales for the December 2009 quarter of $26.1 million, equating to $521 per ounce of gold sold (being 50,078 ounces). The increased cost per ounce was a result of the lower gold production/sales and cost inefficiencies in the mining operations (refer Operational Overview).
- Net cash income from mining activities was $11.9 million, compared with $21.0 million for the December 2009 quarter. The primary reason for the decrease was lower ounces of gold sold.
- The majority of depreciation and amortisation relating to the mining operations is calculated on the basis of the estimated economic life of the mine on a units of production basis. Accordingly, the charge of $8.4 million for the quarter is consistent with $24.0 million for the nine-months to March 2010 given the relatively consistent mill throughput.
- Administration expenses of $2.8 million are consistent with the previous two quarters.
- Finance costs of $0.8 million are reducing in line with the reduction in debt outstanding.
- The unrealised gain on the gold hedge book for the March 2010 quarter was $5.1 million, a non-cash effect from marking-to-market the hedge book at 31 March 2010 of 271,500 ounces at a market price of $1,106/oz which provides a negative amount of $74.6 million, compared to the position at 31 December 2009 of 295,500 ounces at a market price of $1,105/oz which provides a negative amount of $79.7 million.

Nine months to March 2010

- Revenue from gold sales was $130.1 million, resulting from the sale of 142,015 ounces of gold at an average price of $916 per ounce – 92,332 ounces into the hedge book at $846/oz and 49,683 ounces at spot at an average price of $1,048/oz
- Mine cash operating cost of sales for the nine months ended 31 March 2010 was $70.6 million, equating to $497 per ounce of gold sold (being 142,015 ounces).

- The unrealised loss on the gold hedge book for the nine months ended 31 March 2010 was $31.8 million, a non-cash effect from marking-to-market the hedge book at 31 March 2010 of 271,500 ounces at a market price of $1,106/oz which provides a negative amount of $74.6 million, compared to the position at 30 June 2009 of 363,832 ounces at a market price of $944.60/oz which provides a negative amount of $42.8 million.
- The majority of the income tax expense amount of $5.8 million relates to the reversal of a tax asset recognised in the June 2009 quarter for carried forward tax losses, as a result of a restructure in the Australian tax consolidated group.

3. OPERATIONAL REVIEW

Sabodala Gold Operation (MDL interest – 90%)

		Quarterly Data			9-Months to
		March 2010	Dec 2009	Sep 2009	March 2010
Operating Data					
Ore mined	('000t)	708	820	807	2,335
Waste mined	('000t)	2,896	3,420	2,485	8,801
Total mined	('000t)	3,604	4,240	3,292	11,136
Strip ratio	waste/ore	4.1	4.2	3.1	3.8
Ore processed	('000t)	592	600	499	1,691
Head grade	(g/t)	2.05	2.63	3.66	2.73
Gold recovery	(%)	90.5	90.6	92.2	91.2
Gold produced [1]	(oz)	35,214	45,792	54,260	135,266
Gold sold	(oz)	34,494	50,078 [2]	57,443	142,015
Statistics					
Average price received	$/oz	924	941	890	916
Gross cash costs (per ounce produced) [3]	$/oz	575	532	382	483
Gross cash costs (per tonne processed) [3]	$/t	42	41	34	39
Total cash cost (per ounce sold) [4]	$/oz	580	521	431	497
Total cash margin [5]	$/oz	344	420	459	419

Notes:
1. Gold produced is gold poured and does not include gold-in-circuit at period end.
2. Includes 5,665 ounces shipped before period end but not converted to cash.
3. Gross cash operating cost excludes royalties and is calculated using ounces produced and dry tonnes processed.
4. Total cash cost represents the gross cash cost plus royalties as well as the effects of inventory adjustments.
5. Total cash margin is calculated using the average price received less the total cash cost (per ounce sold).

Note: A comparison of results for the three-months and nine-months ended 31 March 2010 with the respective previous corresponding periods is not meaningful as the Sabodala mine only commenced gold production in the month of March 2009

Third (March 2010) Quarter

- Total tonnes mined for the quarter was 3.6M tonnes, comprising 708K tonnes of ore and 2,896K tonnes of waste (at a strip ratio of 4.1 waste/ore). Mine production was curtailed during the quarter as a result of the continued low availability of the mine drilling fleet (due to mechanical breakdowns and parts supply issues), as well as the primary shovel being unavailable for approximately two weeks (due to the sourcing of a replacement track cylinder adjuster).
- To improve the availability of the mine drill fleet, a specialist drilling contractor is being sourced to provide drilling services and maintenance support for the company owned drills. To bolster the fleet, a fourth rig has been acquired and has been operating since early May, a replacement contract rig has been engaged which has also been in the pit from early May (following the removal of the existing contract rigs due to poor performance), and two additional primary rigs (making three in total) are on order which should arrive in approximately five months.
- Ore processed was 592,079 tonnes, slightly down on the 600,096 tonnes processed in the previous quarter, primarily a function of throughput dropping from 302 tonnes per operating hour (tpoh) to 296 tpoh as a greater proportion of harder rock was processed.
- Average grade was 2.05 g/t, down from 2.63g/t in the previous quarter, which was lower than anticipated due to the mining difficulties noted above.
- Gold production was 35,214 ounces, which was at the lower end of Management's expectations – being 35,000 to 40,000 ounces – primarily a result of the lower than anticipated head grade of the ore processed
- Gold sold was 34,494 ounces at an average price of $924/oz – 24,000 ounces into the hedge book at $846/oz and 10,494 ounces at spot at an average price of $1,102/oz

- Gross cash operating were $575/oz excluding royalties. The increase from $532/oz in the December 2009 quarter was largely a function of the lower gold production and cost inefficiencies flowing from the mining operations.

Nine months to March 2010

- Gold production for the nine months to 31 March 2010 was 135,266 ounces at an average gross cash cost (pre royalties) of $483/oz

Outlook

Expected production for the June 2010 quarter remains in the range of 35,000 to 40,000 ounces, which would result in gold output of 170,000 to 175,000 ounces for the financial year to 30 June 2010.

Expansion

Planning is being finalised to expand the Sabodala gold plant from a nominal capacity of 2.0 million tonnes per annum (Mtpa) to approximately 3.5 Mtpa, at an anticipated capital cost of approximately $55 million – comprising $35 million (including contingency) for the processing plant and associated infrastructure and $20 million for additional mining equipment.

The proposed major equipment additions for the processing plant include a second ball mill and associated pumps and cyclones, three new leach tanks and agitators and an additional tailings thickener, with the expansion currently anticipated to be completed by mid-2011. The installation of a new gyratory primary crusher and reclaim system (at an anticipated capital cost of approximately $25 million), which is expected to further increase capacity to approximately 4.0 Mtpa, is planned to be carried out as a second phase of the expansion approximately a year after completion of the first phase.

The additional mining equipment includes a third hydraulic shovel, two primary blast hole drill rigs, five haul trucks and two dozers – all of which are now on order, with delivery currently expected by the end of 2010.

Gold Exploration

Regional Exploration

The exploration program on the Regional land holding around Sabodala ramped up during the March quarter with four drill rigs now in operation – three RAB rigs and one multipurpose RC/diamond rig.

MDL now has a 100% interest, with a 2% royalty payable, in both the Dembala Berola (244km^2) and Massakounda (186km^2) permits, following the acquisition of the joint venture partner's interest. With the granting 100% of a new permit, Saiansoutou (81km^2), which adjoins Dembala Berola, and the relinquishment of portions of existing permits, MDL now holds a land package of 1,337km^2 of highly prospective Birimian terrain in south eastern Senegal.

A map providing an overview of the regional holding and the current prospects is attached as Appendix 1.

Exploration highlights comprised:

Gora (formerly Zone D) (Sounkounkoun Permit): commencement of approximately 3,500m of RC drilling is indicating the potential for a high grade resource comprised of a multiple lode system. Intersections to date include:

- 2m @ 25.3 g/t Au from 23m depth, 2m @ 1.8 g/t Au from 28m, 3m @ 1.0 g/t Au from 92m, 2m @ 1.7 g/t Au from 106m and 4m @ 1.3 g/t au from 110m to end of hole at 114m (SKRC001)
- 1m @ 147.2 g/t Au from 17m and 2m @ 10.0 g/t Au from 69m (SKRC006)
- 4m @ 1.8 g/t Au from 8m, 3m @ 23.6 g/t Au from 15m and 1m @ 1.1 g/t Au from 100m (SKRC008)
- 1m @ 17.5 g/t Au from 13m (SKRC011)
- 3m @ 10.0 g/t Au from 35m (SKRC012)
- 1m @ 14.1 g/t Au from 48m and 2m @ 16.5 g/t Au from 83m (SKRC014)
- 3m @ 32.0 g/t Au from 18m (SKRC018)
- 4m @ 8.8 g/t Au from 56m (SKRC021)

Full drill hole details for Gora are provided in Appendix 2 and a drill hole location map is provided in Appendix 3.

KC Prospect (Sounkounkoun Permit): trenching in the north west of the Sounkounkoun Permit continues to define bedrock gold mineralisation at multiple prospects, such as 10m @ 11.3 g/t Au at the KC prospect where follow up RAB drilling is now proposed

Diegoun (Sounkounkoun permit) and NW Dembala Berola Permit: detailed termite mound sampling returned significant gold anomalies (defined by the 120ppb threshold). The area is within the Main Transcurrent Shear Zone (MTZ) along strike from Randgold's 3.5M ounce Massawa resource. Most of the anomalies coincide with good structural settings. Follow up RAB drilling is being prioritised.

Diadiako (Bransan Permit): 40 RAB holes for 1,324m and 9 RC holes for 909m were drilled to evaluate Sabodala style mineralisation. Numerous intercepts were reported providing evidence for multiple lodes at depth. Intersections included:

- BSRC029: 4m @ 0.9 g/t Au from 77m, 3m @0.7 g/t Au from 90m and 1m @ 34.0 g/t Au from 117m
- BSRC024: 6m @ 2.3 g/t Au from 27m
- BSRB473: 3m @ 5.1 g/t Au from 32m
- BSRB738: 2m @ 6.3 g/t Au from 26m

Potential exists for an open pit development of higher grade shoots. Further RC drilling is planned.

Majiva (Makana Permit): 388 RAB holes for 9,000m were completed. Late in the quarter RAB drilling was in progress which is focused on delineation of a major structural target where best results to date are:

- MKRB0288: 8m @ 0.4 g/t Au from 4m
- MKRB0361: 16m @ 0.6 g/t Au from 2m

Goundamehko (Dembala Berola permit): Additional trenching has extended the strike of known mineralization. A zone of some 40m x 800m includes previous RC intersections such as 20m @ 1.3 g/t Au, 8m @ 1.5 g/t Au, 34m @ 0.8 g/t Au and 4m @ 28.3 g/t Au on a cross structure. Trenching includes 2m @ 41.0 g/t Au in trench GTR024. This target warrants systematic RC drilling with the goal of defining a mineable bulk tonnage deposit.

Saiansoutou prospect (north east corner of Dembala Berola permit): trenching returned some high grade results including 2m at 18 g/t Au and also 6m @ 3 g/t Au in trench SATR003B. RAB follow up is proposed.

Note: RAB drilling results are not used for resource estimation and are an indication only for the presence or absence of gold.

Mine Lease Exploration

One diamond drill rig was operational on the Mine Lease during the March quarter. Five of the eleven targets (refer Appendix 4 for a map of the drill targets) were advanced:

Sutuba (#8): drill holes testing the geological model confirmed the existence of previously mapped out NE trending structures, but a new set of NW trending mineralised structure is being recognised.

Soukhoto (#11): a diamond drill hole program has provided a better understanding of the source of the mineralisation and structural framework, which is expected to allow better targeting of zones for an RC program.

Falombou (#2): work has confirmed mineralisation along the Sabodala Mylonite. This new zone and other anomalies along the Mylonite are expected to be tested both along strike and at depth.

Masato Extension (#9): Diamond drilling has delineated the extents of the structure which is expected to aid in better targeting for an RC program.

Sabodala Main Flat Extension (#6): Diamond drilling is in progress to confirm the extension of the Main Flat Zone

Grande Côte Mineral Sands Project

A significant proportion of the work for the independently compiled Definitive Feasibility Study (DFS) for the Grande Côte Mineral Sands Project in Senegal was completed during the March quarter. The DFS is expected to be concluded in May 2010 following final project optimisation work, primarily involving additional infill drilling being undertaken in the Lompoul region of the Mining Concession which is being used as the basis for development of a dredge path for the initial 14 years of operation.

The anticipated total cost of the Grande Côte Project is now in the order of $400 million (including contingencies), reflecting the increased scope and current pricing of all new equipment.

On account of the size of the Grande Côte Project and ongoing development potential at the company's Sabodala gold mine, the Board of MDL has concluded that the interests of shareholders will best be met by spinning out the Grande Côte Project and financing it external to MDL through a separate IPO. The Board has mandated management to appoint advisers to advance this key initiative.

The Grande Côte Project scope now includes the production of both zircon and ilmenite as the main products, with minor quantities of rutile and leucoxene. Previously, the focus was on the production of only zircon as the main output. Recent testwork has demonstrated that with a revised circuit/flowsheet, a good quality ilmenite product can be produced, in addition to an excellent quality zircon product (which should attract premium pricing). New generation spirals have also improved zircon recoveries by approximately 5% from previous results.

The $400 million anticipated capital cost of the Grande Côte Project is also based on current pricing of all new equipment (previously it was intended to re-use some of the equipment from the earlier Australian operations) and the experience gained from the recent construction of the Sabodala gold operation also in Senegal. It incorporates a 28MW heavy fuel oil power station (similar to that built at Sabodala), a rail spur and rolling stock for bulk material movement and owner costs.

4. CASH FLOW

The following table summarises our cash flow activities (in thousands of US$):

	Three-months ended 31 March		Nine-months ended 31 March	
	2010 US$'000	2009 US$'000	2010 US$'000	2009 US$'000
Cash flow				
Operating activities	14,682	(14,567)	46,152	32,836
Investing activities	(10,117)	(5,647)	(17,190)	(109,041)
Financing activities	(11,247)	4,628	(28,461)	47,553
Change in cash and cash equivalents during period	(6,682)	(15,586)	501	(28,652)
Cash and cash equivalents – beginning of period	25,358	33,164	18,173	44,226
Effect of exchange rates on cash holdings	130	(5,291)	132	(3,287)
Cash and cash equivalents – end of period	18,806	12,287	18,806	12,287

- Operating activities generated cash flows of $14.7 million in the March 2010 quarter, with all cash inflows derived from the sale of gold produced from the Sabodala Gold Operation.
- Cash flow used in investing activities for the three months ended 31 March 2010 was $10.1 million, comprising:
  - $1.6 million in relation to gold exploration activities around the Sabodala gold mine
  - $2.4 million associated with expenditure in relation to evaluation of the Grande Côte Mineral Sands Project
  - $5.1 million in relation to a gold development commitment to the Government of Senegal in respect of the Sabodala gold mine
  - $1.1 million for capital expenditure
- Cash flow used in financing activities for the three months ended 31 March 2010 was $11.2 million, primarily comprising:
  - $9 million repayment of the Project Finance Facility (which had a balance of $12 million at 31 March 2010)
  - $2.1 million repayment of the Mining Fleet Lease facility (which had a balance of $10.5 million at 31 March 2010)
- Net negative cash flow for the quarter was $6.7 million as a result of the outflows from the investing and financing activities

5. FINANCIAL POSITION

The following table summarises our financial position (in thousands of US$):

	As at 31 March 2010 US$'000	As at 30 June 2009 US$'000
Current assets	66,464	65,931
Non-current assets	407,408	423,923
Total assets	473,872	489,854
Current liabilities	69,034	86,484
Non-current liabilities	55,126	43,660
Total liabilities	124,160	130,144
Total equity	349,712	359,710

- Current assets have remained relatively constant since 30 June 2009, increasing from $65.9 million to $66.5 million at 31 March 2010.
- Cash has also remained relatively constant, increasing from $18.2 million at 30 June 2009 to $18.8 million at 31 March 2010, with surplus cash generated from the Sabodala Gold Operation largely being used to reduce debt (being both the Project Finance Facility and the Mining Fleet Lease facility)
- Non-current assets declined to $407.4 million at 31 March 2010 from $423.9 million at 30 June 2009, primarily a function of depreciation and amortisation of the Sabodala Gold Operation assets, combined with the de-recognition of the deferred tax asset as a result of a restructure in the Australian tax consolidated group, more than offsetting the capitalisation of exploration and evaluation expenditure associated with gold exploration around Sabodala and the Grande Côte Mineral Sands Project
- Current liabilities declined to $69.0 million at 31 March 2010 from $86.5 million at 30 June 2009, primarily a result of the reduction in current debt being greater than the increase in the current portion of the liability recognised on marking-to-market the gold hedge position
- Non-current liabilities increased to $55.1 million at 31 March 2010 from $43.7 million at 30 June 2009, primarily a result of the reduction in non-current debt being less than the increase in the non-current portion of the liability recognised on marking-to-market the gold hedge position
- As at 31 March 2010, the outstanding gold hedge position was 271,500 ounces of flat forward sales at $846 per ounce which, on mark-to-market (based on a gold price of $1,106 per ounce), equated to a negative position of $74.6 million (unrealised), compared to a negative position of $42.8 million at 30 June 2009 (based on 363,832 ounces and a gold price of $944.60 per ounce)
- Debt outstanding under the Project Finance Facility as at 31 March 2010 was $12 million (which is all recognised as a current liability), having been reduced from $38 million at 30 June 2009 through $26 million of principal repayments. Certain undertakings relating to this facility have still not been complied with; however, a repayment schedule is now in place to fully pay out the balance by 30 June 2010.
- The balance outstanding under the Mining Fleet Lease facility with Societe Generale Australia as at 31 March 2010 was $10.5 million, having been reduced from $16.9 million at 30 June 2009 through $6.3 million of principal repayments
- Total equity declined to $349.7 million at 31 March 2010 from $359.7 million at 30 June 2009, primarily as a result of accumulated accounting losses.

6. LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2010, the Company had cash balances of $18.8 million.

On 27 April 2010, a Share Purchase Plan (SPP) offer was opened under which Eligible Shareholders have the opportunity to subscribe for new ordinary shares in MDL to a value of A$1,000, A$2,000, A$5,000, A$10,000 or A$15,000, as selected, without brokerage or other transaction costs, at an issue price of A$0.95 per share. Participation in the SPP is voluntary and open to all MDL shareholders who at 7.00pm (Melbourne time) on the Record Date of Wednesday, 21 April 2010, were registered holders of fully paid ordinary shares in the Company, with a registered address in Australia or New Zealand. The SPP closes on 28 May 2010 (after being extended by two weeks). The Company reserves the right, in its absolute discretion, to cap the amount raised under the SPP at approximately A$15 million and to scale back applications.

The Company does not currently have any sources of financing that have been arranged but not yet used.

7. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Capital Expenditure Commitments
Capital expenditure commitments at 31 March 2010 included $11.8 million for the purchase of various items in mining equipment. It is intended that such equipment will be financed through a mining fleet lease facility.

Exploration Commitments
The Company has minimum exploration commitments of $1.5 million payable within one year in respect of its Sabodala regional exploration programmes. It is intended that such expenditure will be funded through existing cash resources and/or cash generated from operations.

Royalties
Pursuant to the Company's Mining Concession in relation to the Sabodala Gold Operation, a royalty of 3% is payable to the Government of Senegal based on the value of gold shipments, evaluated at the spot price on the shipment date.

8. FINANCIAL INSTRUMENTS

A condition of the Project Finance Facility provided by Macquarie Bank Limited was the establishment of gold forward sales contracts and oil energy swaps to manage exposure to commodity price risk.

Following a restructure late in 2008, a total of 399,000 ounces of gold were committed forward for delivery between May 2009 and February 2013 at a delivery price of $846 per ounce. Deliveries into the hedge position to date (including 24,000 ounces during the March 2010 quarter), have reduced the hedge balance to 271,500 ounces at 31 March 2010. The mark to market of this hedge position (at a gold price of $1,106 per ounce) was negative $74.6 million.

The hedge agreement with respect to the oil price comprised an initial position of 80,000 barrels per annum for four years at a flat forward price of $70 per barrel. At 31 March 2010, 240,000 barrels were hedged with a positive value of $3.5 million.

9. SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

The table below shows selected unaudited financial data for each of the eight most recently completed quarters:

Three months ended	Mar 10	Dec 09	Sep 09	Jun 09	Mar 09	Dec 08	Sep 08	Jun 08
Revenue ($m)	32.1	47.3	51.3	43.5	3.6	60.4	0.3	0.2
Net income/(loss) ($m)	3.5	(15.4)	(0.1)	(6.7)	(28.6)	61.7	(37.6)	2.1
Basic net income/(loss) per share (cents)	0.6	(2.7)	0.0	(1.2)	(5.2)	12.8	(7.8)	0.5
Diluted net income/(loss) per share (cents)	0.6	(2.7)	0.0	(1.2)	(5.2)	12.7	(7.7)	0.5
Weighted average number of shares	573.6	569.6	563.4	555.4	548.2	483.9	483.6	422.7

10. CRITICAL ACCOUNTING JUDGEMENTS

The following are critical judgements that management has made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Ore reserves
The consolidated entity estimates its ore reserves based upon information compiled by Competent Persons as defined in accordance with the Australasian code for reporting Exploration Results, Mineral Resources and Ore Resources of December 2004 and Qualified Persons as defined in NI43-101. The estimated quantities of economically recoverable reserves are based upon interpretations of geological models and require assumptions to be made regarding factors such as estimates of short and long-term exchange rates, estimates of short and long-term commodity prices, future capital requirements and future operating performance. Changes in reported reserves estimates can impact the carrying value of property, plant and equipment, provision for rehabilitation obligations, the recognition of deferred tax assets, as well as the amount of depreciation and amortisation charged to the income statement.

Going Concern
As at 31 March 2010, the Company had a net current asset deficiency of $2.6 million. Having assessed the Company's ability to effectively manage expenditures and cash flows from operations, as well as the potential to secure additional funding, it is believed the Company will continue to operate as a going concern in the foreseeable future and therefore it is appropriate to prepare the financial statements on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

11. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the consolidated interim financial statements for the three months ended 31 March 2010 are consistent with those adopted and disclosed in the Company's Annual Report for the financial year ended 30 June 2009, except for the following changes:

- the functional currency of the group's subsidiaries that operate overseas has been reassessed and it has been determined that since 1 July 2009 the functional currency of all overseas entities is United States dollars; and
- the presentation currency for the consolidated financial statements has been changed (commencing with half year ended 31 December 2009) from Australian dollars to United States dollars and comparative disclosures have been translated and presented in United States dollars accordingly.

12. INFORMATION ON OUTSTANDING SHARES

As at 14 May 2010, the Company had on issue 573,625,950 ordinary shares and 35,350,000 unlisted options to acquire ordinary shares at various exercise prices and expiry dates.

It is anticipated additional shares will be issued as a result of the Share Purchase Plan currently being offered to Eligible Shareholders (refer section 6).

13. NON-IFRS FINANCIAL MEASURES

MDL provides some non-IFRS measures as supplementary information that management believes may be useful to investors to explain MDL's financial results.

A reconciliation of gross cash costs (per ounce produced) to operating costs in the financial statements is in the following table:

		Quarterly Data			9-Months to
		March 2010	Dec 2009	Sep 2009	March 2010
Gold produced [1]	(oz)	35,214	45,792	54,260	135,266
(in thousands of US$)					
Cost of sales	($'000)	28,406	34,409	31,767	94,582
Realised gain/loss on energy swap	($'000)	178	87	(204)	61
Depreciation and amortisation	($'000)	(8,414)	(8,339)	(7,258)	(24,010)
Royalty	($'000)	(1,301)	(1,488)	(1,657)	(4,446)
Inventory movements	($'000)	1,013	(868)	(1,891)	(1,746)
Other adjustments	($'000)	372	556	(33)	894
Gross operating cash costs	($'000)	**20,254**	**24,357**	**20,724**	**65,335**
Gross cash costs (per ounce produced)	$/oz	575	532	382	483

14. DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures
MDL's Managing Director (as Chief Executive Officer ("CEO") of the company) and Chief Financial Officer ("CFO") are responsible for establishing and maintaining the Company's disclosure controls and procedures. Access to material information with respect to the Company is facilitated by the small size of the Company's senior management team. The CEO and CFO, after evaluating the effectiveness of the company's disclosure controls and procedures as of 31 March 2010, have concluded that the Company's disclosure controls and procedures were adequate and effective to ensure that material information relating to MDL and its subsidiaries would have been known to them and evaluated for possible disclosure to the market.+

Internal controls over financial reporting
Management of the Company, with the participation of the CEO and the CFO, are responsible for establishing and maintaining adequate internal controls over financial reporting. The Company's internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes. There have been no significant changes in the Company's internal control over financial reporting or in other factors that could significantly affect internal controls.

15. RISKS AND UNCERTAINTIES

The Company is subject to various financial and operational risks and uncertainties that could have a significant impact on profitability and levels of operating cash flow. These risks and uncertainties include, but are not limited to: fluctuations in metal prices (principally the price of gold, zircon and ilmenite), capital and operating cost estimates, borrowing risks, production estimates, need for additional financing, uncertainty in the estimation of mineral reserves and mineral resources, the inherent danger of mining, infrastructure risk, hedging activities, insured and uninsured risks, environmental risks and regulations, government regulation, ability to obtain and renew licenses and permits, foreign operations risks, title to properties, competition, dependence on key personnel, currency, repatriation of earnings and stock exchange price fluctuations.

Risks and uncertainties about the Company's business are more fully discussed in the Company's disclosure documents filed from time to time with the Canadian and Australian securities authorities. Readers should read MDL's financial statements for the financial years ended 30 June 2009 and 30 June 2008, the final prospectus dated 12 December 2007 and related technical reports posted on the company's website (www.mineraldeposits.com.au) and filed on SEDAR (www.sedar.com) and any future amendments to such reports. Readers are also directed to the cautionary notices and disclaimers contained herein.

16. ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This MD&A has been prepared as of 14 May 2010. Additional information about the Company, including its Annual Financial Statements and Interim Financial Statements, is available on SEDAR at www.sedar.com and on the company's website at www.mineraldeposits.com.au.

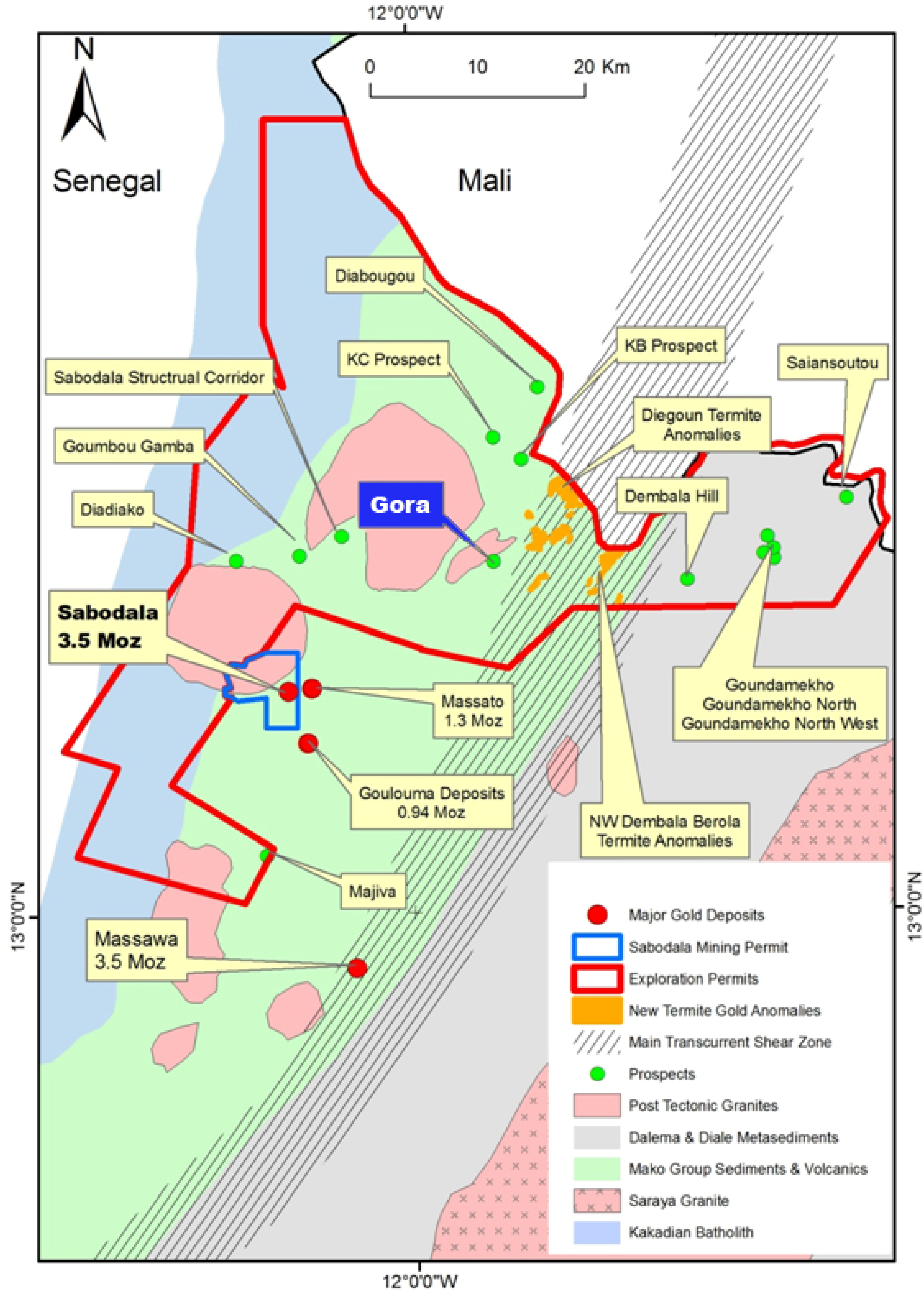
17. COMPETENT/QUALIFIED PERSONS STATEMENT

The information in this MD&A that relates to Exploration Results is based on information compiled by MDL's Chief Geologist, Mr Chris Young BSc. who is a member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Young has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken. He is qualified as a "Competent Person" as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and a "Qualified Person" as defined in NI43-101. Mr. Young verified the data disclosed in this MD&A, including the sampling, analytical and test data underlying the information contained herein. Mr Young has consented to the inclusion of this information in the form and context in which it appears in this MD&A.

18. FORWARD LOOKING STATEMENTS

Certain information included in this MD&A, including any information as to the Company's future financial or operating performance and other statements that express management's expectations or estimates of future performance, constitute "forward-looking statements". The words "expect", "will", "intend", "estimate" and similar expressions identify forward looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The Company cautions the reader that such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of MDL to be materially different from the Company's estimated future results, performance or achievements expressed or implied by those forward-looking statements and the forward-looking statements are not guarantees of future performance. These risks, uncertainties and other factors include, but are not limited to: fluctuations in metal prices (principally the price of gold, zircon and ilmenite), capital and operating cost estimates, borrowing risks, production estimates, need for additional financing, uncertainty in the estimation of mineral reserves and mineral resources, the inherent danger of mining, infrastructure risk, hedging activities, insured and uninsured risks, environmental risks and regulations, government regulation, ability to obtain and renew licenses and permits, foreign operations risks, title to properties, competition, dependence on key personnel, currency, repatriation of earnings and stock exchange price fluctuations.

Appendix 1: Sabodala Regional Land Holding

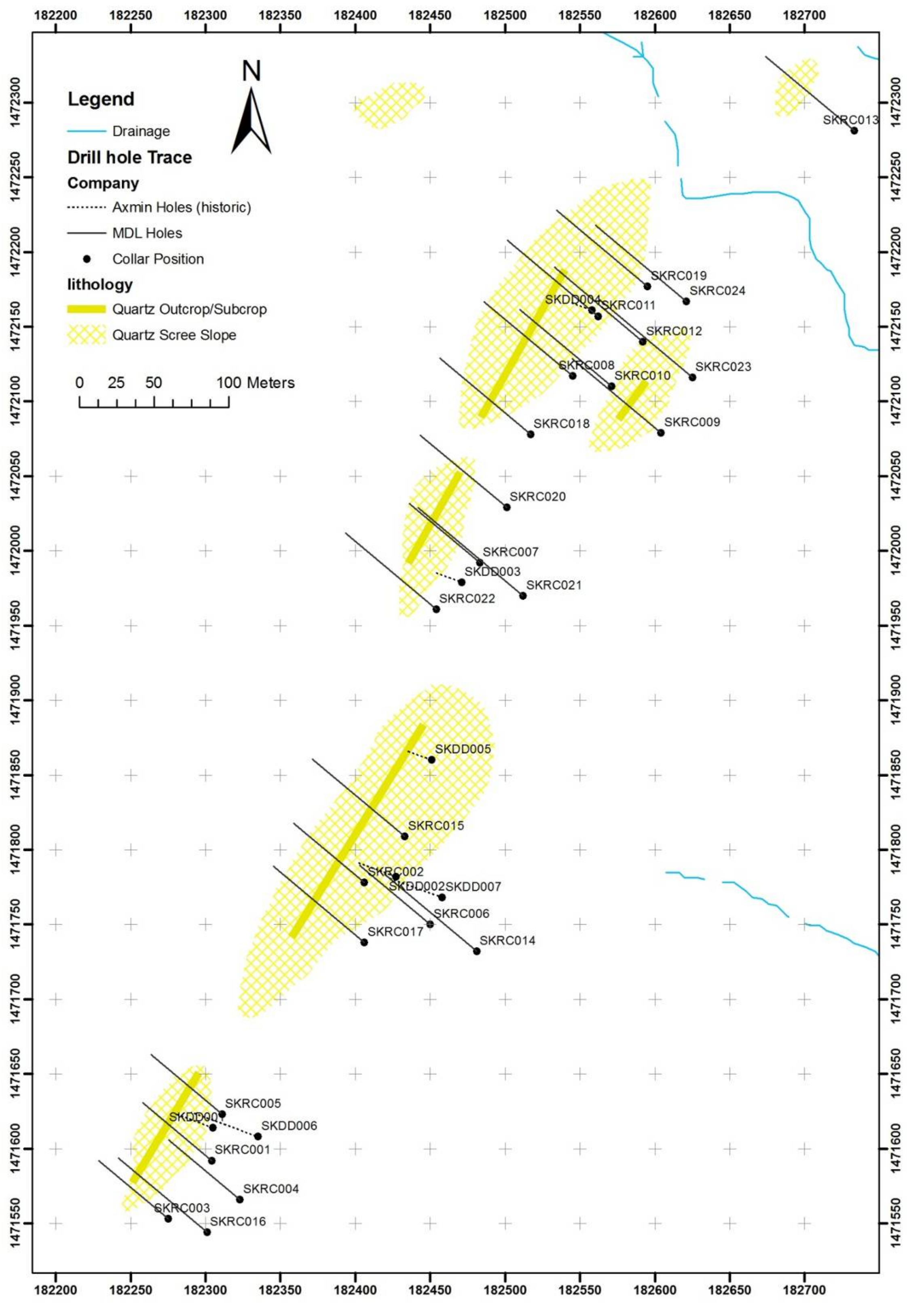


Appendix 2: Gora Prospect RC Drill Hole Details

HOLEID	UTM_EAST	UTM_NORTH	DEPTH	Azimuth	Dip	Intercepts
SKRC001	182304	1471592	120	310	-60	**2m @ 25.3 g/t Au from 23m**
						2m @ 1.8 g/t Au from 28m
						3m @ 1.0 g/t Au from 92m
						2m @ 1.7 g/t Au from 106m
						4m @ 1.3 g/t au from 110m
SKRC002	182406	1471778	123	310	-60	4m @ 1.7 g/t Au from 35m
SKRC003	182275	1471553	121	310	-60	None
SKRC004	182323	1471566	124	310	-60	**1m @ 5g/t Au from 48m**
SKRC005	182311	1471623	124	310	-60	None
SKRC006	182450	1471750	123	310	-60	**1m @ 147.2 g/t Au from 17m**
						2m @ 10.0 g/t Au from 59m
SKRC007	182483	1471992	123	310	-60	1m @ 3.3 g/t Au from 30m
SKRC008	182545	1472117	120	310	-50	4m @ 1.8 g/t Au from 8m
						3m @ 23.6 g/t Au from 15m
						1m @ 1.1 g/t Au from 100m
SKRC009	182604	1472079	120	310	-50	**1m @ 5.4 g/t Au from 60m**
SKRC010	182571	1472110	124	310	-50	1m @ 1.1 g/t Au from 34m
SKRC011	182562	1472157	123	310	-50	**1m @ 17.5 g/t Au from 13m**
SKRC012	182592	1472140	120	310	-50	**3m @ 10 g/t Au from 35m**
SKRC013	182733	1472281	120	310	-50	None
SKRC014	182472	1471737	129	310	-50	**1m @ 14.1 g/t Au from 48m**
						2m @16.5 g/t Au from 83m
SKRC015	182433	1471809	125	310	-50	2m @4.6 g/t from 26m
SKRC016	182359	1471542	125	310	-50	None
SKRC017	182406	1471738	125	310	-50	3m @ 2.1 g/t from 33m
SKRC018	182517	1472078	125	310	-50	**3m @ 32 g/t from 18m**
SKRC019	182595	1472177	123	310	-50	**4m @ 4.4 g/t from 14m**
SKRC020	182501	1472029	117	310	-50	None
SKRC021	182512	1471970	120	310	-50	1m @ 2.3 g/t from surface
						3m @ 2.4 g/t from 4m
						4m @ 8.8 g/t from 56
SKRC022	182459	1471961	123	310	-50	None
SKRC023	182625	1472116	126	310	-50	3m @ 2.0 g/t from 33m
						2m @ 5.7 g/t from 53m
						4m @ 5.4 g/t from 59m
SKRC024	182621	1472167	123	310	-50	**4m @ 7.1 g/t from 44m**

Note: RC drill intercepts at Gora to 5 May 2010. Coordinates are from UTM Zone 29N with WGS 84 datum. Samples are riffle split at the rig in 1m intervals and then assayed by Aqua Regia with a 50g charge at the SGS managed on-site lab. A cut of of 0.5 g/t Au was used to calculate the intercepts and a maximum internal dilution of 1m was allowed. No top cut-off was applied.

Appendix 3: Gora Prospect RC Drill Hole Location Map



Appendix 4: Mine Lease Drill Targets