



**Mineral Deposits Limited**

ABN 19 064 377 420

**Consolidated Interim Financial Statements**  
for the half year ended 31 December 2010

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

# MINERAL DEPOSITS LIMITED

ABN 19 064 377 420  
AND CONTROLLED ENTITIES

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*This report does not include all the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. Accordingly, this report should be read in conjunction with the annual report of Mineral Deposits Limited for the year ended 30 June 2010. It is also recommended that this financial report be considered together with any public announcement made by Mineral Deposits Limited and its controlled entities during the period ended 31 December 2010, in accordance with the continuous disclosure requirements of the Corporations Act 2001, including its quarterly reports lodged with the Australian Securities Exchange ("ASX") and Toronto Stock Exchange ("TSX").*

**MINERAL DEPOSITS LIMITED**

ABN 19 064 377 420

AND CONTROLLED ENTITIES

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 2010 AND 2009  
(UNAUDITED)**

	Note	Three months ended 31 December		Six months ended 31 December	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Other income	4	254	307	320	1,106
Administration expenses	5	(2,096)	(2,336)	(4,209)	(4,853)
Loss on disposal on non-current assets		-	-	(1)	-
Exploration expenditure written off		-	(4)	-	(4)
Net foreign exchange losses		(3,609)	(23,260)	(33,220)	(23,907)
Profit on disposal of interest in gold division	5	296,817	-	296,817	-
<b>Profit/(loss) before tax</b>		<b>291,366</b>	<b>(25,293)</b>	<b>259,707</b>	<b>(27,658)</b>
Income tax expense		(390)	(4,992)	(390)	(4,992)
Profit/(loss) from continuing operation		290,976	(30,285)	259,317	(32,650)
Profit/(loss) from discontinued operation	3	(45,871)	13,284	(13,935)	15,209
<b>Profit/(loss) for the period</b>		<b>245,105</b>	<b>(17,001)</b>	<b>245,382</b>	<b>(17,441)</b>
<b>Other comprehensive income/(loss):</b>					
Exchange differences arising on translation of foreign operations				4,316	28,720
Exchange difference on inter-company loans				10,731	(26,527)
Gain on available for sale investment				75,958	-
Income tax relating to available for sale investment				(22,787)	-
Other comprehensive income/(loss) for the period				68,218	2,193
<b>Total comprehensive income /(loss) for the period</b>				<b>313,600</b>	<b>(15,248)</b>
Profit/(loss) attributable to:					
Owners of the parent				246,765	(17,421)
Non-controlling interests				(1,383)	(20)
Profit/(loss) for the period				245,382	(17,441)
Total comprehensive income/(loss) attributable to:					
Owners of the parent				314,983	(15,228)
Non-controlling interests				(1,383)	(20)
				313,600	(15,248)
<b>Earnings per share – Continuing and Discontinued operations</b>					
Basic earnings per share (cents)				412.6	(30.8)
Diluted earnings per share (cents)				412.6	(30.8)
<b>Earnings per share – Continuing operations</b>					
Basic earnings per share (cents)				435.9	(57.6)
Diluted earnings per share (cents)				435.9	(57.6)

Notes to the condensed consolidated interim financial statements are included on pages 5 to 13.

**MINERAL DEPOSITS LIMITED**

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

	Note	31 Dec 2010 \$'000	30 June 2010 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		59,331	13,832
Trade and other receivables		839	605
Inventories	6	-	66,970
Financial derivative assets	7	-	701
Other financial assets	8	115,858	-
Other	9	648	3,428
<b>TOTAL CURRENT ASSETS</b>		<u>176,676</u>	<u>85,536</u>
<b>NON-CURRENT ASSETS</b>			
Other receivables		251	251
Inventories	6	-	4,769
Financial derivative assets	7	-	1,629
Property, plant and equipment	10	15,933	220,958
Exploration and evaluation expenditure		103	12,363
Mine development expenditure	11	51,726	148,588
Capitalised mining convention and concession costs		10,102	19,277
Deferred tax assets		-	61
Intangible assets		96	337
<b>TOTAL NON-CURRENT ASSETS</b>		<u>78,211</u>	<u>408,233</u>
<b>TOTAL ASSETS</b>		<u>254,887</u>	<u>493,769</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	756	20,048
Borrowings	13	-	16,433
Financial derivative liabilities	14	-	34,963
Current tax payable		419	536
Provisions		1,979	3,040
<b>TOTAL CURRENT LIABILITIES</b>		<u>3,154</u>	<u>75,020</u>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	12	-	1,476
Financial derivative liabilities	14	-	65,046
Deferred tax liabilities		22,787	231
Provisions		47	2,289
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>22,834</u>	<u>69,042</u>
<b>TOTAL LIABILITIES</b>		<u>25,988</u>	<u>144,062</u>
<b>NET ASSETS</b>		<u>228,899</u>	<u>349,707</u>
<b>EQUITY</b>			
Issued capital	15	219,211	384,849
Reserves		122,921	41,216
Accumulated losses		(113,263)	(75,872)
Equity attributable to owners of the parent		228,869	350,193
Non-controlling interest		30	(486)
<b>TOTAL EQUITY</b>		<u>228,899</u>	<u>349,707</u>

Notes to the condensed consolidated interim financial statements are included on pages 5 to 13.

## MINERAL DEPOSITS LIMITED

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### CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 DECEMBER 2010 AND 2009 (UNAUDITED)

	Issued Capital \$'000	Accumulated Losses \$'000	Foreign Currency Translation Reserve \$'000	Investments Revaluation Reserve \$'000	Equity-Settled Share-Based Payments Reserve \$'000	Attributable to Owners of the Parent \$'000	Non Controlling Interest \$'000	Total \$'000
<b>Consolidated</b>								
<b>Balance at 1 July 2009</b>	375,868	(56,484)	28,912	-	10,162	358,458	1,252	359,710
Loss for the period	-	(15,550)	-	-	-	(17,421)	(1,891)	(17,441)
Exchange difference arising on translation of foreign operations	-	-	28,720	-	-	28,720	-	28,720
Exchange difference on inter-company loans	-	-	(26,527)	-	-	(26,527)	-	(26,527)
<b>Total comprehensive income for the period</b>	-	(15,550)	2,193	-	-	(13,357)	(1,891)	(15,248)
Issue of options to directors and employees	-	-	-	-	331	331	-	331
Transfer from equity settled share based payment reserve	722	-	-	-	(722)	-	-	-
Exercise of options during period	4,809	-	-	-	-	4,809	-	4,809
Shares issue costs	(40)	-	-	-	-	(40)	-	(40)
De-recognition of deferred tax assets	(2,609)	-	-	-	-	(2,609)	-	(2,609)
<b>Balance at 31 December 2009</b>	<b>378,750</b>	<b>(72,034)</b>	<b>31,105</b>	<b>-</b>	<b>9,771</b>	<b>347,592</b>	<b>(639)</b>	<b>346,953</b>
<b>Balance at 1 July 2010</b>	<b>384,849</b>	<b>(75,872)</b>	<b>31,749</b>	<b>-</b>	<b>9,467</b>	<b>350,193</b>	<b>(486)</b>	<b>349,707</b>
Profit for the period	-	246,765	-	-	-	246,765	(1,383)	245,382
Exchange difference arising on translation of foreign operations	-	-	4,316	-	-	4,316	-	4,316
Exchange difference on inter-company loans	-	-	10,731	-	-	10,731	-	10,731
Gain on available for sale investments	-	-	-	53,171	-	53,171	-	53,171
<b>Total comprehensive income for the period</b>	-	246,765	15,047	53,171	-	314,983	(1,383)	313,600
Issue of options to directors and employees	-	-	-	-	162	162	-	162
Transfer from equity settled share based payment reserve	400	-	-	-	(400)	-	-	-
Exercise of options during period	965	-	-	-	-	965	-	965
Shares issue costs	(11)	-	-	-	-	(11)	-	(11)
Issue of shares in relation to acquisition of investment in Oromin Explorations Ltd.	21,563	-	-	-	-	21,563	-	21,563
In-specie distribution	(188,555)	(284,156)	13,725	-	-	(458,986)	1,899	(457,087)
<b>Balance at 31 December 2010</b>	<b>219,211</b>	<b>(113,263)</b>	<b>60,521</b>	<b>53,171</b>	<b>9,229</b>	<b>228,869</b>	<b>30</b>	<b>228,899</b>

Notes to the condensed consolidated interim financial statements are included on pages 5 to 13.

**MINERAL DEPOSITS LIMITED**

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**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 2010 AND 2009  
(UNAUDITED)**

	Three months ended 31 December		Six months ended 31 December	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	25,037	42,203	70,919	93,465
Payments to suppliers and employees	(13,984)	(30,512)	(47,197)	(59,873)
Interest and other costs of finance paid	(189)	(663)	(505)	(1,545)
Income tax paid	(40)	(578)	(95)	(578)
Net cash provided by operating activities	10,824	10,450	23,122	31,469
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for capitalised exploration and development expenditure	(2,162)	(3,371)	(8,725)	(4,650)
Payment for construction costs	(978)	-	(978)	-
Payments for property, plant and equipment	(4,929)	(1,295)	(17,134)	(2,476)
Payments for other intangible assets	(1)	(72)	(1)	(72)
Proceeds from sale of fixed assets	70	-	83	-
Proceeds from sale of investment securities, net of cash disposed	35,963	-	35,963	-
Payment for security deposits	-	22	-	(1,375)
Interest received	185	64	224	126
Interest paid capitalised borrowing costs	(109)	-	(608)	-
Advance to joint venture	(150)	-	(200)	-
Advances to related parties	(74)	-	(74)	-
Net cash provided by (used in) investing activities	27,815	(4,652)	8,550	(8,447)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of equity securities	914	4,521	914	4,521
Payment for share issue costs	(734)	(29)	(816)	(40)
Payment of monies held in trust	-	(5)	-	(113)
Proceeds from borrowing	331	-	16,565	-
Repayment of borrowings	(1)	(11,108)	(7,751)	(21,217)
Net cash provided by (used in) financing activities	510	(6,621)	8,912	(16,849)
<b>Net increase/(decrease) in cash and cash equivalents held</b>				
	39,149	(823)	40,584	6,173
Cash and cash equivalents at the beginning of the period	16,752	25,829	13,832	18,173
Effect of exchange rates on cash holdings in foreign currencies	3,430	352	4,915	1,012
<b>Cash and cash equivalents at the end of the period</b>	<b>59,331</b>	<b>25,358</b>	<b>59,331</b>	<b>25,358</b>

Notes to the condensed consolidated interim financial statements are included on pages 5 to 13.

# MINERAL DEPOSITS LIMITED

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## CONDENSED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 2010 AND 2009 (UNAUDITED)

### 1. GENERAL INFORMATION

Mineral Deposits Limited ("MDL" or the "company") is a company domiciled in Australia. The consolidated interim financial statements of the company as at and for the three months ended 31 December 2010 comprise the company and its subsidiaries (together referred to as the "consolidated entity").

A copy of the company's Annual Report as at and for the year ended 30 June 2010 is available upon request from the company's registered office at Level 7, 530 Little Collins Street, Melbourne, Victoria 3000, Australia or at [mineraldeposits.com.au](http://mineraldeposits.com.au) or [sedar.com](http://sedar.com).

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Statement of Compliance

The unaudited condensed interim consolidated financial statements are a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 '*Interim Financial Reporting*'. Compliance with AASB 134 ensures compliance with the International Financial Reporting Standards IAS 34 '*Interim Financial Reporting*'. The condensed interim financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent Annual Report.

#### Basis of Preparation

The condensed interim consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in United States dollars unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the condensed interim financial report are rounded off to the nearest thousand dollars, unless otherwise stated.

The accounting policies and methods of computation adopted in the preparation of the condensed interim financial report are consistent with those adopted and disclosed in the company's Annual Report for the financial year ended 30 June 2010.

In the period, the company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Boards ("AASB") that are relevant to its operations and effective for the current reporting period.

#### Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2010.

#### Financial Risk Management

The group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2010.

### 3. SEGMENT INFORMATION

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

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

- **continuing operations** - mineral sands activities incorporate exploration and development activities in Senegal in relation to the Grande Côte Mineral Sands Project ("GCMSP"); and
- **discontinued operations** - gold activities incorporate the company's production activities and exploration activities in Senegal in relation to the Sabodala Gold Operation ("Sabodala") and regional gold exploration in the Sabodala area.

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

Information regarding these segments is presented below. Amounts reported for the prior period have been restated to conform to AASB8. The accounting policies of the new reportable segments are the same as the company's accounting policies.

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## CONDENSED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 2010 AND 2009 (UNAUDITED)

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

	Revenue		Segment Profit	
	Six months ended 31 December		Six months ended 31 December	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
<b>Continuing operations</b>				
Mineral sands division	-	-	-	-
Other	-	-	(37,110)	(27,658)
Operating profit/(loss) before other income/(expenses)			296,817	-
Profit recognised on disposal of gold division				
<b>Profit/(loss) before tax</b>			259,707	(27,658)
Income tax expense (continuing operations)			(390)	(4,992)
<b>Consolidated segment revenue and profit for the period from continuing operations</b>	-	-	259,317	(32,650)
<b>Discontinued operations</b>				
<b>Revenue</b>				
<b>Six months ended 31 December</b>				
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Gold division				
Gold and silver sales	77,699	98,492	77,699	98,492
<b>Cash cost of sales:</b>				
Mine operating costs			(38,323)	(45,130)
Royalties			(2,091)	(3,145)
Change in inventories			2,740	(2,760)
Total cash costs of sales			(37,674)	(51,035)
<b>Net cash income from mining operations</b>			<b>40,025</b>	<b>47,457</b>
Depreciation			(15,728)	(15,597)
Rehabilitation			(187)	-
<b>Net income from mining operations</b>			<b>24,110</b>	<b>31,860</b>
Corporate administration expenses			(747)	(1,468)
<b>Operating profit before finance costs and tax</b>			<b>23,363</b>	<b>30,392</b>
Gold hedge unrealised losses			(37,838)	(36,909)
Oil hedge unrealised gains			1,553	1,582
Other income/(expense)			6	(569)
Finance costs			(767)	(2,719)
Net foreign exchange losses			(210)	23,753
Total other income / (expenses)			(37,256)	(14,862)
<b>Profit / (loss) before tax</b>			<b>(13,893)</b>	<b>15,530</b>
Income tax expense (discontinued operations)			(42)	(321)
<b>Consolidated segment revenue and profit for the period from discontinued operations</b>	<b>77,699</b>	<b>98,492</b>	<b>(13,935)</b>	<b>15,209</b>



**MINERAL DEPOSITS LIMITED**

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**CONDENSED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 2010 AND 2009  
(UNAUDITED)**

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

	Period ended		Period ended	
	31 Dec 2010 \$'000	30 June 2010 \$'000	31 Dec 2009 \$'000	30 June 2009 \$'000
<b>Continuing operations</b>				
Gold division	-	413,112	406,131	409,724
Mineral sands division	79,036	75,648	78,443	69,805
Total segment assets	79,036	488,760	484,574	479,529
Unallocated assets	175,851	5,009	7,543	18,252
Total assets	254,887	493,769	492,117	497,781

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

**4. REVENUE**

	Three months ended 31 December		Six months ended 31 December	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
<b>Continuing operation</b>				
Interest revenue - bank	166	61	205	156
Other revenue:				
- rental received	11	120	28	250
- other	74	126	84	698
Gain from sale of fixed assets	3	-	3	2
	254	307	320	1,106

**5. RESULTS FOR THE PERIOD****Continuing operation**

Depreciation of non-current assets:				
- land, buildings & property improvements	22	24	44	46
- plant and equipment	-	43	-	87
- office furniture	8	13	18	24
- computer equipment and software	31	32	61	65
- motor vehicles	9	12	17	23
	70	124	140	245
Amortisation of intangible assets:				
- computer software	18	16	35	23
Employee benefits:				
- equity settled share based payments	123	173	196	367
- remuneration expense	957	983	2,091	2,513
- post employment benefits – defined contributions	101	83	201	204
- provision for leave entitlements	56	(29)	48	(9)
	1,237	1,210	2,536	3,075
Administration and other overheads	771	986	1,498	1,510
Total administration expenses	2,096	2,336	4,209	4,853
Profit on disposal of interest in gold division				
- Profit on sale of investment in Sabodala Gold Mauritius Limited and SGML (Capital) Limited	24,952	-	24,952	-
- Profit on in-specie distribution of 160,000,262 shares in Teranga Gold Corporation to MDL shareholders	271,865	-	271,865	-
	296,817	-	296,817	-

**MINERAL DEPOSITS LIMITED**

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**CONDENSED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 2010 AND 2009  
(UNAUDITED)**

**6. INVENTORIES**

	31 Dec 2010 \$'000	30 June 2010 \$'000
<b>Current</b>		
Ore stockpiles	-	40,856
Gold in circuit	-	2,160
Gold bullion	-	6,167
Total gold inventories	<u>-</u>	<u>49,183</u>
Diesel fuels	-	1,233
Materials and supplies	-	14,651
Goods in transit	-	1,903
Total other inventories	<u>-</u>	<u>17,787</u>
	<u>-</u>	<u>66,970</u>
<b>Non-Current</b>		
Ore stockpiles	-	4,769
	<u>-</u>	<u>4,769</u>

**7. DERIVATIVE FINANCIAL ASSETS**

	31 Dec 2010 \$'000	30 June 2010 \$'000
<b>Current</b>		
Oil – energy swap	<u>-</u>	<u>701</u>
<b>Non-Current</b>		
Oil – energy swap	<u>-</u>	<u>1,629</u>

**8. OTHER FINANCIAL ASSETS**

	31 Dec 2010 \$'000	30 June 2010 \$'000
<b>Current</b>		
Available for sale investments carried at fair value - shares in listed companies – Teranga Gold Corporation	<u>115,858</u>	<u>-</u>

**9. OTHER ASSETS**

	31 Dec 2010 \$'000	30 June 2010 \$'000
<b>Current</b>		
Prepayments	288	1,596
Security deposit	<u>360</u>	<u>1,832</u>
	<u>648</u>	<u>3,428</u>

**MINERAL DEPOSITS LIMITED**

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**CONDENSED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 2010 AND 2009  
(UNAUDITED)**

**10. PROPERTY, PLANT AND EQUIPMENT**

	<b>31 Dec 2010 \$'000</b>	<b>30 June 2010 \$'000</b>
Carrying amounts of each class:		
Land, buildings and property improvements	637	28,353
Plant and equipment	14,867	178,737
Office equipment	279	581
Motor vehicles	150	1,194
Plant and equipment under lease	-	12,093
	<u>15,933</u>	<u>220,958</u>

**11. MINE DEVELOPMENT EXPENDITURE**

	<b>31 Dec 2010 \$'000</b>	<b>30 June 2010 \$'000</b>
Costs carried forward in respect of areas of interest at cost	51,726	159,705
Accumulated amortisation	-	(11,117)
	<u>51,726</u>	<u>148,588</u>

**12. TRADE AND OTHER PAYABLES**

	<b>31 Dec 2010 \$'000</b>	<b>30 June 2010 \$'000</b>
<b>Current</b>		
Unsecured liabilities		
- trade payables (i)	453	7,544
- sundry creditors and accrued expenses	303	7,226
- government royalties	-	2,615
- amounts payable to Government of Senegal	-	2,663
	<u>756</u>	<u>20,048</u>
<b>Non-current</b>		
Unsecured liabilities		
- amounts payable to Government of Senegal	-	1,476
	<u>-</u>	<u>1,476</u>

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

**13. BORROWINGS**

	<b>31 Dec 2010 \$'000</b>	<b>30 June 2010 \$'000</b>
<b>Current</b>		
<i>Secured – at amortised cost</i>		
Project Finance Facility (i)		
- project finance facility	-	6,000
- borrowing costs	-	-
Finance Lease Liabilities (ii)		
- finance lease liabilities	-	10,542
- borrowing costs	-	(109)
	<u>-</u>	<u>16,433</u>

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**CONDENSED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 2010 AND 2009  
(UNAUDITED)**

**14. DERIVATIVE FINANCIAL LIABILITIES**

	Consolidated	
	31 Dec 2010 \$'000	30 June 2010 \$'000
<b>Current</b>		
Gold flat forward contracts	-	34,963
<b>Non-Current</b>		
Gold flat forward contracts	-	65,046

**15. ISSUED CAPITAL**

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

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore the company does not have a limited amount of authorised capital and issued shares do not have a par value.

Fully paid ordinary shares carry one vote per share and a right to dividends.

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

## MINERAL DEPOSITS LIMITED

ABN 19 064 377 420  
AND CONTROLLED ENTITIES

### CONDENSED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 2010 AND 2009 (UNAUDITED)

#### (b) Share Options

As at 31 December 2010, the following unissued ordinary shares of the company under option were outstanding:

ASX Code	Issue Date	Expiry Date	Restated post capital reduction and share consolidation (1:10 basis)	
			Exercise Price A\$	No.
MDLAA	1 July 2008	1 July 2011	10.78	1,000,000
MDLAZ	10 April 2008	10 April 2011	10.78	1,000,000
MDLAS	1 May 2006	1 May 2011	16.78	25,000
MDLAU	19 July 2007	18 July 2012	12.78	170,000
MDLAW	29 November 2007	29 November 2012	12.78	550,000
MDLAY	5 December 2007	5 December 2012	12.78	100,000
				2,845,000

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

No person entitled to exercise the option had or has any rights by virtue of the option to participate in any share issue of any other body corporate. Options do not carry any voting or dividend rights

There were no other movements in the ordinary share capital or other securities of the company in the current reporting period.

#### 16. DIVIDENDS

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

#### 17. COMMITMENTS

##### (a) Capital Expenditure Commitments

The group is still undertaking construction of the Grande Cote Mineral Sands Project. Capital expenditure commitments contracted but not provided for and payable within one year at 31 December 2010 totalled \$242,000 (#0 June 2010: - \$409,000)

##### (b) Exploration Commitments

The company does not anticipate any exploration expenditure commitments at Grande Cote given the work undertaken prior o 30 June 2010 as part of the DFS.

#### 18. SUBSEQUENT EVENTS

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

#### 19. CONTINGENT LIABILITIES

(a) The company faces potential liabilities in respect of the GCMSP. The company has agreed that the following amounts will be payable if the project proceeds to production:

- A\$500,000 within 30 days of completion of a bankable feasibility study for the project and on securing all the necessary funding either by debt or equity from an internationally recognised banking or financial institution to develop the project;
- A\$500,000 within 30 days of receipt by (the successor to) MDL Senegal SUARL, a subsidiary of MDL, of the first payment for a commercial arm's-length sale of product from the project;
- \$150,000 per annum on social development of local communities in the Grande Côte and surrounding region during the term of the Mining Concession; and
- \$50,000 per year of production on training of DMG officers and logistical support to the technical services of the Ministry for Mines.

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

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- (c) The company confirmed directly or via its holding subsidiaries that it will continue to provide financial support to its subsidiaries to enable them to meet their obligations as they fall due for a period of not less than 12 months.
- (d) The company faces potential contingent liabilities in relation to its rehabilitation obligations on its New South Wales ("NSW") exploration and mining tenements. The nature of these rehabilitation obligations includes revegetation. Some aspects of the rehabilitation obligations extend for a period in excess of 10 years after the cessation of previous mining activities. Ongoing rehabilitation work therefore continued at Mineral Deposits (Operations) Pty Ltd's former mining sites in NSW, Australia. No adverse situations were reported and work continued to schedule.
- (e) There are no outstanding native title claims against the company which could or would have a financial impact.

The directors are not aware of any other contingent liabilities at 31 December 2010.

**20. ACQUISITION OF SUBSIDIARY**

During the period, the company established Teranga Gold Corporation, a Canadian incorporated entity to facilitate the disposal of the company's gold operations in Senegal. The company subscribed for all 100 shares in the entity at CAD\$1 per share.

**21. DISPOSAL OF SUBSIDIARY**

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

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

	<b>Period ended 3 Dec 2010 \$'000</b>	<b>Six months ended 31 Dec 2009 \$'000</b>
Profit/(loss) of Sabodala Gold Mauritius Limited and SGML (Capital) Limited for the period	(13,935)	15,209
Gain on disposal of Sabodala Gold Mauritius Limited and SGML (Capital) Limited	24,952	-
Gain on disposal of the abovementioned entities and in-specie distribution	271,865	-
	<u>282,882</u>	<u>15,209</u>

The following were the results of the gold business for the period:

	<b>Period ended 3 Dec 2010 \$'000</b>	<b>Six months ended 31 Dec 2009 \$'000</b>
Revenue	77,699	98,261
Operating expenses	(91,592)	(82,731)
Profit/(loss) before income tax	(13,893)	15,530
Income tax expense	(42)	(321)
Profit/(loss) after income tax	<u>(13,935)</u>	<u>15,209</u>

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

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

**MINERAL DEPOSITS LIMITED**

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

	<b>3 Dec 2010 \$'000</b>
Fair value of shares distributed to MDL shareholders	474,145
Accumulated losses relating to disposed subsidiaries	(13,725)
	<hr/>
Total value of in-specie	460,420
	<hr/>
In-specie distribution recognised as reduction in capital	(188,555)
	<hr/>
Gain on in-specie distribution recognised in Statement of Comprehensive Income	271,865
	<hr/>

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

**22. RELATED PARTY TRANSACTIONS****(a) Transactions with other related parties****Transactions between MDL and its related parties:**

During the period, the following transactions occurred between the company and its related parties:

	<b>31 Dec 2010 \$</b>	<b>30 June 2010 \$</b>
<b>Balances at 31 December 2010</b>		
MDL Gold Limited	-	255,904,326
MDL (Mining) Limited	118,347,963	101,137,180
HNFL (Holdings) Pty Ltd	1,690	1,425
Mineral Deposits (Operations) Pty Ltd	(58,056)	(48,939)
	<hr/>	<hr/>
	118,291,597	356,993,992
	<hr/>	<hr/>

**Transactions between the group and its related parties:**

During the six months ended, the following transaction occurred between the group and its related parties: The amounts below are expressed in whole dollars.

- Technical assistance was provided by the company's subsidiary Mineral Deposits Mauritius Limited to its related party Grande Cote Operations SA. The company charged \$343,208 (2009 – \$345,570) in relation to the provision of these services in accordance with the Technical Fee Agreement.

Transactions and balances between the group and its related parties were eliminated in the preparation of the consolidated financial statements of the group.

**(b) Transactions with director related entities during the period**

- Office accommodation/facilities and administrative support were provided by the consolidated entity at commercial rates to Flow Energy Limited of which Mr Nicholas Limb continues as a non-executive director. The company charged \$25,593 in relation to the provision of these services to 31 December 2009.
- Office accommodation/facilities and administrative support were provided by the consolidated entity at commercial rates to Stellar Resources Limited of which Dr David Isles continue as director. The company charged \$16,187 in relation to the provision of these services to 31 December 2009.

## MINERAL DEPOSITS LIMITED

ABN 19 064 377 420  
AND CONTROLLED ENTITIES

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### CORPORATE DIRECTORY

#### DIRECTORS

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

#### COMPANY SECRETARY

Kathryn Davies

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Senegal

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