MINERAL DEPOSITS LIMITED

Price (December 2)	**$1.07**
52-Week Range	**$1.10-$0.40**
Shares O/S	**567.98 million**
Market Cap	**$608 million**
50-day Average Volume	**1,143,900**
200-day Average Volume	**629,600**
Fiscal Year-End	**June 30**
Symbol	**TSX: MDM**
Website	**www.mineraldeposits.com.au**

Financial Data

Selected Income/(Loss)		
(Aus$000)	Year Ending June 30 2009	Last 12 Mos. Sep 30/2009
General Income/(Expense) Items	(53,107)	(88,112)
Non-Discretionary G&A Expense	(17,777)	(18,626)
Net Income (Loss)	(5,977)	19,862
Cash Flow	69,504	99,028
Comprehensive Income (Loss)	(2,530)	21,599
Selected Balance Sheet		
Cash & Equivalents	22,585	29,593
Mineral Properties	429,986	400,530
Total Debt	65,891	49,722
Shareholders' Equity	446,944	427,393
Total Assets	608,731	579,636
Enterprise Value	392,599	470,830
Key Ratios		
Monthly Cash Burn	$1,481	$1,552
Monthly Capex	$12,478	$6,564
Cash/OpEx (months)	15.2	19.1
Cash/OpEx + Capex (months)	1.6	3.6
Interest Coverage (times)	n/m	3.17
Cash Flow/Total Debt (times)	1.05	1.99
Per Share (PS)		
Net Income Per Share	($0.01)	$0.04
Cash Flow Per Share	$0.14	$0.18
Cash Per Share	$0.04	$0.05
Mineral Properties Book Value PS	$0.76	$0.71
Net Asset Value (NAV) Per Share	$0.78	$0.66
Equity (Book Value) Per Share	$0.79	$0.76
Enterprise Value Per Share	$0.78	$0.84
Multiples		
Price/Cash (times)	15.47x	15.23x
Price/Mineral Properties (times)	0.81x	1.13x
Price/NAV (times)	0.79x	1.22x
Price/Book Value (times)	0.78x	1.05x
Price/Enterprise Value (times)	0.89x	0.96x

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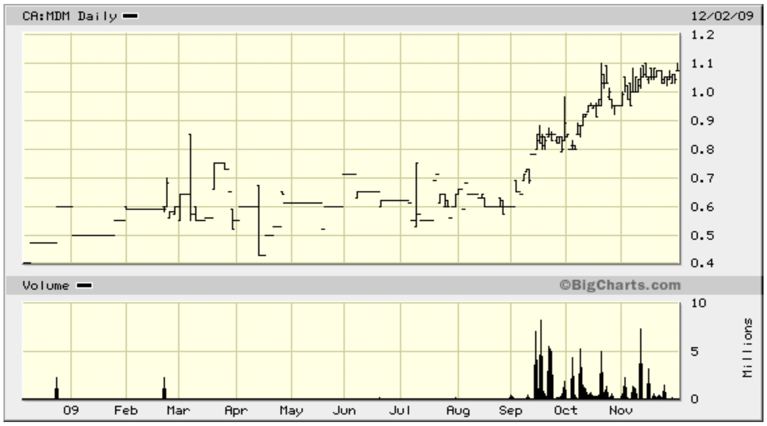
Note: Report prepared with public information only.



Source: www.bigcharts.com

PROFILE

Mineral Deposits Limited ("Mineral Deposits" or the "Company") is a TSX-listed Australian company with two important assets in Senegal, West Africa.

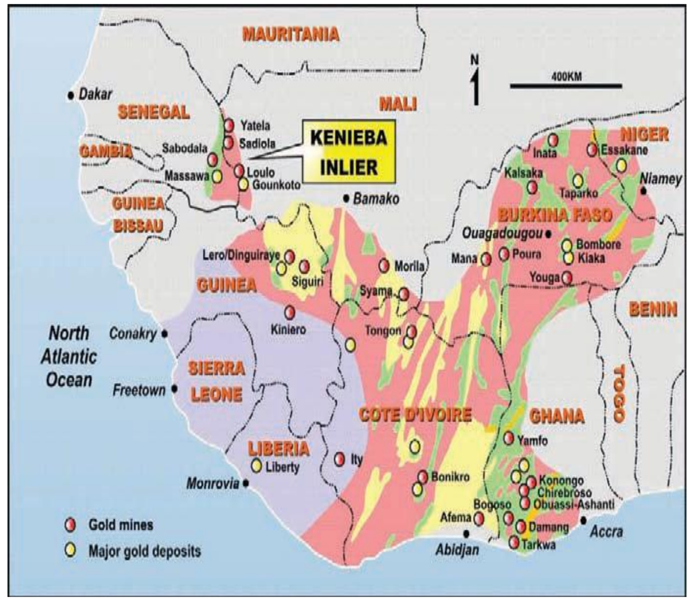
One is a new gold mine (Sabodala), located at the epicentre of a major new gold district, where an aggregate 10 million ounces of gold resources have been outlined to date by three companies, including Mineral Deposits.

The other is in the Company's historical area of expertise, a tier-one mineral sands deposit, where a bankable feasibility study is in the final stages.

The Sabodala gold mine and mill in eastern Senegal has 1.6 million ounces of gold reserves within a resource of 3.5 million ounces with an average grade of 2.1 grams per tonne. Production at the 2.3-million-tpa operation started in March 2009. Following a smooth start-up, Mineral Deposits should produce 160,000 ounces of gold in 2009. Over the 10-year life of the existing reserves, output should average 150,000 ounces per annum. Cash flow is running at $5-6 million per month. With only $30 million of debt, Mineral Deposits could be debt-free by mid 2010.

The mineral sands operation is expected to begin start-up in 2012. At a rate of 45-50 million tonnes per annum of sand through-put, the deposit has a life that exceeds 25 years.

CORPORATE ASSESSMENT

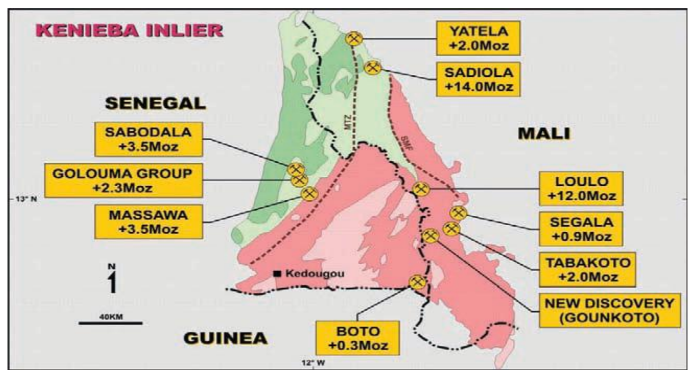


1. Strengths

- At the current share price of $1.07, the stock trades close to the NPV of Sabodala alone, using the current gold price and a discount rate of 10%.
- Adding mineral sands, the NPV jumps to $1.37 per share.
- Successful start-up of Sabodala gold mine and a history of mineral sands production.
- Favourable balance sheet: $30 million cash; and $30 million of debt.
- Monthly cash flow of $5-6 million, sufficient to fund needs and eliminate debt in about six months.
- In excellent position to be consolidator of eastern Senegal gold district.
- Possible target for larger corporate predators.
- Strong and stable executive and operational teams able to attract and retain talent.

2. Challenges

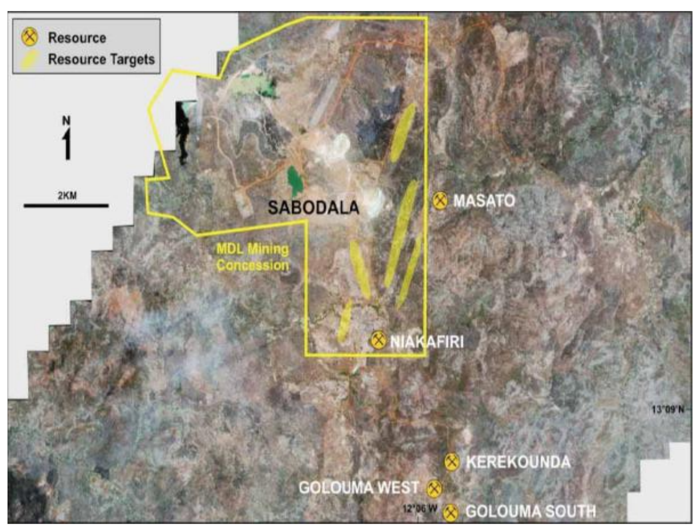
- Just over 300,000 oz (about two years production) of gold hedged at US$846 per oz.
- The gold price could fall.
- African politics often concern investors.
- All the usual mechanical problems of mining and milling.



PROJECTS

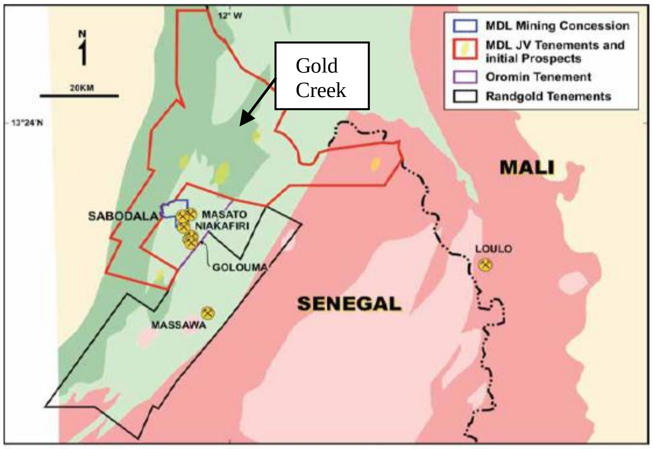
1. The Sabodala Mining Concession

The Sabodala mining concession is located in the Kenieba Inlier Gold District, which straddles the border of western Mali and eastern Senegal. The district is renowned for the mines along the West Mali sheer zone, such as Sadiola, Yetela, and Loulu, with aggregate gold resources of over 30 million ounces. On the Senegal side, discoveries made in the last four years total another 10 million ounces of gold. (See Kenieba Inlier Gold District maps opposite.)



The Sabodala mining concession (33 sq km) hosts two ore bodies some 3 km apart - the Sabodala and the Niakafiri. In addition, there are five mineralized targets which need to be fully tested, as well as underground opportunities.

Contiguous to the mining permit are some 1,600 sq km of a highly prospective exploration permit where work is starting on multiple drill targets. The key prospects are highlighted in yellow. Initial trenching at the northernmost prospect, Gold Creek, has identified a 78-metre interval at 1.7 g/t of gold. Follow-up drilling is imminent. (See map on page 3.)



(a) The Mill at Sabodala

COMMENT: *The Company's mill is key to quick and inexpensive exploitation of the area.*

The Sabodala 2.3-million-tpa mill was built to be easily and cost effectively expanded to 4 million tpa. Mineral Deposits is thus in the enviable position of being able to increase production at a fraction of the cost of a new facility. This is particularly significant, as the mill is the only one in the district. In keeping with this advantage, some of the current cash flow is being directed towards exploration to expand the gold resources and reserves to advance a well-founded growth strategy.

Going forward, the plan is to optimize mill throughput to 3 million tpa and later to 4 million tpa. This will raise gold production from 150,000 ounces pa to 230,000 ounces pa, incurring a capital expenditure of just $40 million. In addition there is a near-term opportunity for more production, with the contiguous Oromin Explorations Ltd. joint venture that has a resource of 2.3 million ounces. This could take the form of either a consolidation or a JV, particularly where ore bodies overlap both properties, such as the Masato and the Niakafiri.

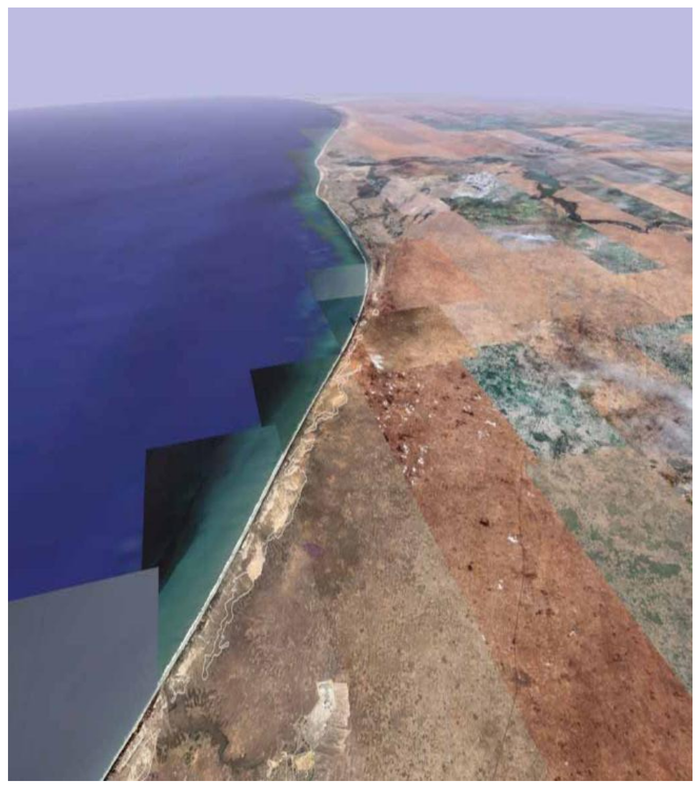
COMMENT: *Mineral Deposits has all of the required ingredients for an excellent investment in a bull market in gold bullion. Resources, reserves, and production are already in place in a new gold district that is highly prospective. Debt is being reduced, with more funds being available to increase production by expanding mill throughput, as well as the expansion and exploitation of existing reserves and resources. Furthermore, exploration drilling is underway, which points to a good flow of news as assay results are received.*

2. Mineral Sands

Mineral Deposits' historical area of expertise is the exploitation of heavy mineral sands in Australia. The 90%-owned Grande Côte project on the coast of Senegal (see photograph below) is a tier-one deposit, where a definitive feasibility study is scheduled for completion in early 2010. Work to date has targeted 2012 for the start of production on this 1.3 billion-tonne resource grading 2.0% heavy minerals. Sand throughput at the rate of 48 million tpa will mean a deposit life well in excess of 25 years.

COMMENT: *The planned start-up in 2012 is when some of existing world capacity is projected to be depleted, so the timing could be most fortuitous.*

Output is expected to total 75,000 tpa of high quality zircon, which is used in the ceramic industry, and 600,000 tpa of ilmenite, mainly used in the paint industry. The capital cost of the project is estimated at approximately US$170 million.



Grande Côte Heavy Minerals Development Project

For details of the markets (ceramic, paint, etc.) for heavy minerals, see Mineral Deposits' website at: **www.mineraldeposits.com.au**

INVESTMENT CONSIDERATIONS

1. Changes in "QQP" are the Major Determinants of Changes in Share Price

Money is made by correctly anticipating changes in those few factors - in the extreme the single factor - upon which an investment decision turns. Once the change has happened, it is usually too late to invest as the price will also have moved. In the case of Mineral Deposits, and indeed any gold producer, the three major factors to consider are QQP: Quantity, Quality, and Price.

- **Quantity:** Of gold ounces in reserves and resources. Reserves tend to change slowly as resources are converted. Resources can change very quickly with exploration success, but that is hard to predict.
- **Quality:** Type and grade of reserves and resources ounces.
- **Price:** Where goes the price of gold? Excluding discoveries and takeovers, it is this factor more than any other where changes can happen quickly and have to be correctly anticipated to make money.

Mineral Deposits' reserves and production should expand over the next couple of years as resources are converted and the mill expanded. Costs, meanwhile, should be contained reasonably well as a result of hedging part of the fuel requirements. The Company has certainly done an excellent job with a very smooth start-up at Sabodala. The balance sheet is rapidly improving with the rising gold price, even though a little over 300,000 ounces are still to be delivered against a hedge at US$846 per ounce that was implemented as a condition of financing. The potential for the elimination of debt in the middle of 2010 should add even more lustre to the balance sheet.

COMMENT: *All of these factors are widely known and are probably discounted in the current share price.*

Resource additions and conversion to reserves will only happen gradually as drilling progresses. These positive developments will be recognized over time, as they add to the overall resource and reserve picture; but it must be remembered that - just to stand still – Mineral Deposits (and all other gold producers) must, at least, replace what they have mined each year. To grow, they must exceed that.

2. Change in Gold Price Should be Reflected in a Change in Share Price

The following factors could change the value of Mineral Deposits and therefore its share price: (1) Takeover by a larger company; (2) Exploration success; and (3) Accretive acquisition. These are all hard to predict. There are two other factors: (1) the price of gold; and (2) changes in the discount rate used by market participants as the price of gold rises and falls.

The following table shows how these factors affect Mineral Deposits' NPV, which assumes an increase in mill capacity by 2012 and then stable production until at least 2020. Production of mineral sands is assumed to start in 2012 and continue for at least 25 years.

Gold Price Per Oz US$:		1,000	1,100	1,200	1,250	1,500	2,000
NPV Sabodala $Cdn/Shr							
After Tax NPV@	10%	$0.65	$0.83	$1.01	$1.10	$1.54	$2.44
After Tax NPV@	5%	$0.84	$1.07	$1.30	$1.42	$2.00	$3.15
After Tax NPV@	0%	$1.11	$1.43	$1.73	$1.89	$2.67	$4.21
NPV Mineral Sands $Cdn							
After Tax NPV@	10%	$0.36	$0.36	$0.36	$0.36	$0.36	$0.36
After Tax NPV@	5%	$0.87	$0.87	$0.87	$0.87	$0.87	$0.87
After Tax NPV@	0%	$2.06	$2.06	$2.06	$2.06	$2.06	$2.06
NPV Company $Cdn/Shr							
After Tax NPV@	10%	$1.01	$1.19	$1.37	$1.46	$1.90	$2.80
After Tax NPV@	5%	$1.71	$1.94	$2.17	$2.28	$2.86	$4.02
After Tax NPV@	0%	$3.18	$3.49	$3.80	$3.95	$4.73	$6.27

Source: *e*Research

The shares of Mineral Deposits are currently trading at C$1.07, which is close to the NPV of Sabodala alone - using the current gold price of almost US$1,200 per ounce and a discount rate of 10%. On this basis alone, the shares reflect fair value, with no value being ascribed by the market to the mineral sands. At a discount rate of 5%, the shares would be considered underpriced. So, provided the gold price does not fall precipitously from here, the shares could be of interest to the risk-tolerant investors who expect either the gold price to continue to rise or the discount rate to fall, or both.

Looking ahead, and adopting an optimistic scenario by using a higher gold price of US$1,500 per ounce and a lower less conservative 5% discount rate, the NPV of Sabodala alone would be $2.67.

At that point, the shares could be trading at or near that level. If this scenario of a higher gold price and a lower discount rate comes to pass, then current share trading levels offer an excellent capital gains opportunity. In addition, there could always be unpredictable bonuses from exploration success and predatory action.

3. Market Psychology in a Rising Gold Price Environment

As can be seen in the table above, a higher gold price works wonders for earnings, cash flow and NPV. Furthermore, once the gold price begins to track upwards, there is a tendency for market participants to start anticipating even more price increases – investors have an amazing propensity to project the current trend ad infinitum. As money flows into gold funds, it has to be deployed. Initially this tends to be into the larger, more liquid names, as there is always hesitance about the longevity of a gold price rally.

However, as time passes and shares continue to follow the gold price upwards, the mutual funds perform well and attract more cash inflows, which are then deployed further and further down to the medium and smaller capitalization companies and, as they begin to outperform the larger ones, they become the darlings of the market. Interest in these smaller names is initially seen in new financings and bought deals, as fund managers buy large positions without disturbing the market.

Once the industry is adequately funded, investment managers have little choice but to buy in the market place as cash inflows continue. Analysts will then tend to either increase their gold price expectations or lower their discount rates (or both) to justify the soaring stock prices.

This process of investing through the rear-view mirror is not particularly helpful as a way to make money. Banks and regulatory authorities are even worse, insisting that companies value their gold reserves using a trailing three-year average gold price.

COMMENT: *The clear message is "buy now" and await the changes.*

With the growing momentum of the past few years, Mineral Deposits is also unlikely to "rest on its laurels", so additional production is probable through either organic growth or the acquisition of smaller companies, or both. Exploration success could also rapidly boost the share price.

CONCLUSION

On the basis of what is known about QPP today, the shares of Mineral Deposits represent fair value using a 10% discount rate on the basis of gold alone and no value attributable to the mineral sands. The shares thus provide a good instrument with which to participate in a rising gold market, irrespective of the mineral sands.

The Company also has a well-funded exploration program, with lots of potential at both its mining concession and the contiguous 1,600 sq km highly-prospective exploration concession where testing has only recently begun. Furthermore, the Senegal mineral sands project adds the potential of a very profitable, if unheralded, dimension to West Africa' newest gold producer.

SHARE PERFORMANCE

Looking at the company's stock chart, there was little trading volume or price activity until September this year. At that time, management started a series of presentations to European and North American investors. This kick-started the North American market with volumes comparable to those seen historically on the Australian Securities Exchange. The price increase was coincident with the presentations and the rise in the price of gold since August.

DIRECTORS

Executive Directors
Nicholas Limb (Executive Chairman)
Jeffrey Williams (Managing Director)
Martin Ackland
Clever Fonseca

Non-Executive Directors
David Isles
Bobby Danchin
Oliver Lennox-King
James Murray-Grant

SHAREHOLDERS

Top 20 holders	56%
North America-based	28%
U.K./Europe-based	27%
Australian-based (institutional)	20%
Australian retail	22%
Other	3%

Substantial Shareholders: Actis (UK), Genesis (UK), HBD (UK)

CORPORATE INFORMATION

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