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ASX Release

29 March 2005

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SABODALA MINING CONVENTION SIGNED

Mineral Deposits is pleased to announce that, at a signing ceremony late last week, the Mining Convention for the development of the Sabodala gold project was executed by MDL and the Government of the Republic of Senegal.

The signing now clears the way for MDL to commence fieldwork on the project. The first drill programs targeting extensions of the known mineralisation are expected to commence late in April.

The keys terms of the agreement are:

- MDL has undertaken to spend US\$8 million on feasibility study work and more general exploration;
- MDL will expend US\$0.5 million on agreed social programs in the Sabodala area over the next two years;
- MDL has committed to pay to the Republic of Senegal a US\$6.50/ounce bonus payment for "mineable reserves" established in the feasibility study exceeding 556,000 ounces (the Government's view of the current reserve position);
- once gold production has commenced, MDL has agreed to pay to the Government \$US0.9 million annually in arrears over the first four years, (a total of US\$ 3.6m) and to expend a further US\$0.4 million per annum on social and local infrastructure programs;
- the convention allows for a seven year tax free period for the project. MDL will pay a 3% gross production royalty to the Government from commencement of gold production;
- the Government of Senegal is entitled to a 10% free carried interest in the project once the partners have recovered the project's capital costs and associated shareholder loans.

MDL has a 70% interest in the project with its Senegalese partners holding the remaining 30%.

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