



Mineral Deposits Limited

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Sabodala Gold Project – Commencement of Drilling

The board of Mineral Deposits Limited (“MDL”) is pleased to announce that two large reverse circulation/diamond drill rigs and associated support infrastructure have arrived on site at Sabodala and commenced operations. It is expected that these rigs will work around the clock for the balance of this year to complete a drill-out of the known resource and any extensions established.

This commencement follows receipt of the Presidential Decree, which has been signed by His Excellency President Abdoulaye Wade, which was the final documentation required for work to formally commence on the development of the company’s Sabodala Gold Project.

In anticipation, MDL had already constructed a large field base with accommodation and support resources for a permanent staff of 50 people. The company has appointed well-regarded RSG Global to manage the geological work and drilling programme, and some six MDL and RSG geologists are currently on site. The historical digital drilling database has been acquired and rendered into a 3D model of the mineralisation to allow detailed planning of the first drill programme.

This first phase drilling programme, which has now commenced, will comprise some 20,000 metres of reverse circulation on a closely spaced grid to allow a “JORC” compliant reserve and resource calculation to be made. Concurrently, a large RC and diamond drilling programme will commence to step out along strike from the known mineralisation and to begin looking beyond the current drilled depth of approximately 120 metres. Various mapping and structural geology tasks are also underway along with the required survey control work.

A high resolution regional aeromagnetic survey to be flown by Worley Parsons GPX will commence shortly. It will assist in geological interpretation on a regional and local basis.

On the engineering front, MDL has appointed Ausenco Limited as the principal engineering contractor to the project and it has commenced a preliminary investigation into gold plant design and component availability.



As previously foreshadowed, the formalisation of the Mining Convention and Presidential Decree in relation to the Sabodala Exploitation Permit has paved the way for the non-government joint venture partners, MDL (70%) and private Senegalese interests (30%), to merge their project interests. MDL has agreed to purchase the 30% interest in shares in the Senegalese joint venture company for a consideration of 9,000,000 ordinary shares in MDL and US\$5 million over a period of time. On satisfaction of the total consideration by 1 March 2006, the company will thereafter exclusively manage the holding company with the State of Senegal then to hold a 10% non-contributory stake.

Following the distribution of the additional new shares in MDL, in conjunction with the previous allotment of shares in respect of the mineral sands project in January 2005, private Senegalese interests will become major shareholders in MDL with a stake of about 12.5%. The directors welcome this group to MDL's register as the company goes forward together with the Government of the Republic of Senegal to develop two major resources projects to the benefit of all stakeholders.

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