

ASX RELEASE



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SABODALA GOLD PROJECT

- **Mineral Resource Estimate lifts Sabodala above 2.2 million ounces**
- **Continued excellent drilling results**

Total Sabodala Project resources now exceed 2.2 million ounces. The new resource is up 75% on the previous announcement in January 2006.

The new estimate for Sabodala deposit of 1,912,000 ounces at a 1.0g/t gold cut off, together with the previously announced Mineral Resource for Niakafiri deposit of 317,000 ounces, extends the Sabodala Gold Project above 2.2 million ounces with significant new drill results yet to be included.

The updated Mineral Resource estimate for the Sabodala gold deposit in Senegal in west Africa was recently completed by independent consultants RSG Global Exploration and Mining Consultancy of Perth.

The current resource for Sabodala comprises an estimated 20,000,000 tonnes at an average grade of 2.7g/t gold and compares with the initial estimate in January of 12,600,000 tonnes at 2.8g/t gold. Drilling is progressing rapidly with four drill rigs now active.

The current estimate is based on MDL drill holes and assay data available at 15 May 2006. Historic drill holes are excluded where quality control and quality assurance information is lacking. The drill database for the new resource estimate includes a total of 268 drill holes for 35,401 metres representing 34,758 assays. To 24 July 2006, 59,428 metres have now been completed at Sabodala, indicating a further resource increase is anticipated in the future.

The grade estimates as presented in Attachment 1 have been classified as a combination of Measured, Indicated and Inferred Mineral Resources in accordance with JORC (2004). Each of the resource categories defined is shown in a plan view of the Sabodala deposit.(see Attachment 2).

Infill drilling within the Phase 1 drilling area (Attachment 2, 24 May 2006 announcement) is complete apart from planned geotechnical drilling. Further step-out drilling is now in progress as shown in Attachment 3 to this release.

The drilling programme is now testing mineralisation to a vertical depth of up to 150 metres for the initial pit design over a strike length of 860 metres and a width of up to 200 metres. Drilling is continuing to expand resources towards the north and to identify mineralisation to the south along the Sabodala Shear.

Extensions of the drilling to the north and south are proposed.

Recent significant gold intersections include (see Attachment 4):

- 28.2 metres grading 3.8g/t from 138.76 metres downhole;
- 21.3 metres grading 4.0g/t from 109.48 metres downhole;
- 20.75 metres grading 7.0g/t from 147 metres downhole;
- 6.0 metres grading 42.6g/t from 244 metres downhole; and
- 14.0 metres grading 5.2g/t from 121 metres downhole.

Exploration and Additional Resource Definition Drilling

For over three kilometres of strike, the Sabodala ore zone remains untested south of Sutuba, where it lies beneath a cover of transported laterite or ferricrete (see Attachment 5). The same zone remains untested for about three kilometres north of the Sabodala mine area. Sabodala Mining Company SARL (SMC) has completed a new drilling contract with its drilling contractor, Pontil Minerex, to provide a suitable blast-hole drilling rig able to undertake rotary air blast (RAB) geochemical drilling. The addition of this drill rig to the project by early August will permit the commencement of exploration drilling and sampling.

The Niakafiri zone remains open at depth and to both the north and south towards SMC's Exploitation Permit boundary. SMC fact mapping has confirmed aeromagnetic interpretation which shows this structure extends for some five kilometres strike through the Exploitation Permit area. A number of other targets are identified on the basis of the detailed (25 metre spaced line helicopter survey) aeromagnetic data. SMC has completed a detailed soil geochemical sampling programme on lines at 200 metres spacing to help prioritise the geophysical targets. A number of anomalies were defined and follow up using the RAB drill rig is proposed.

The information in this report that relates to Exploration Results is based on information compiled by Mineral Deposit Limited's Chief Geologist, 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". Mr Young has consented to the inclusion of this information in the form and context in which it appears in this report.

For further details please contact:

Jeff Williams

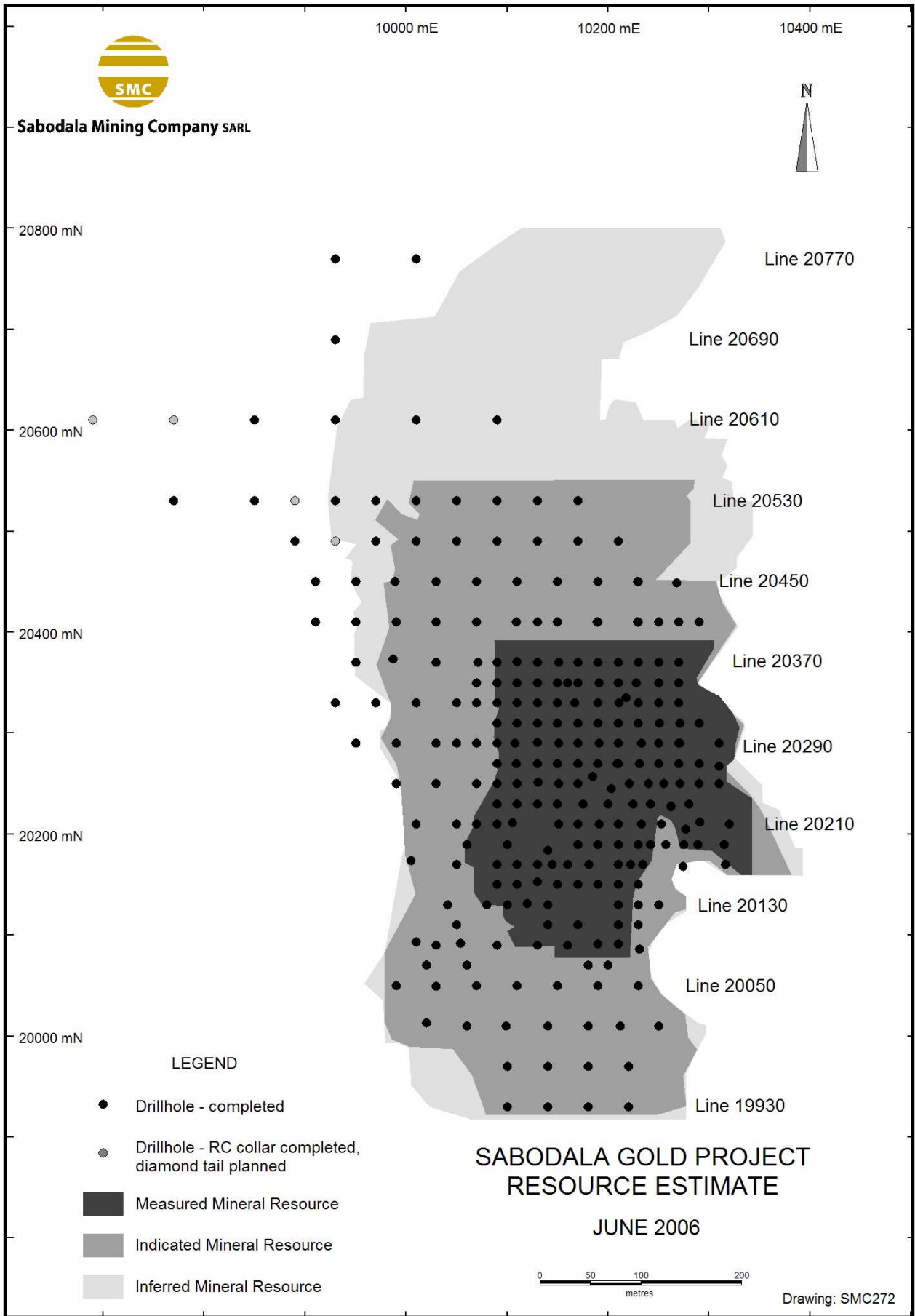
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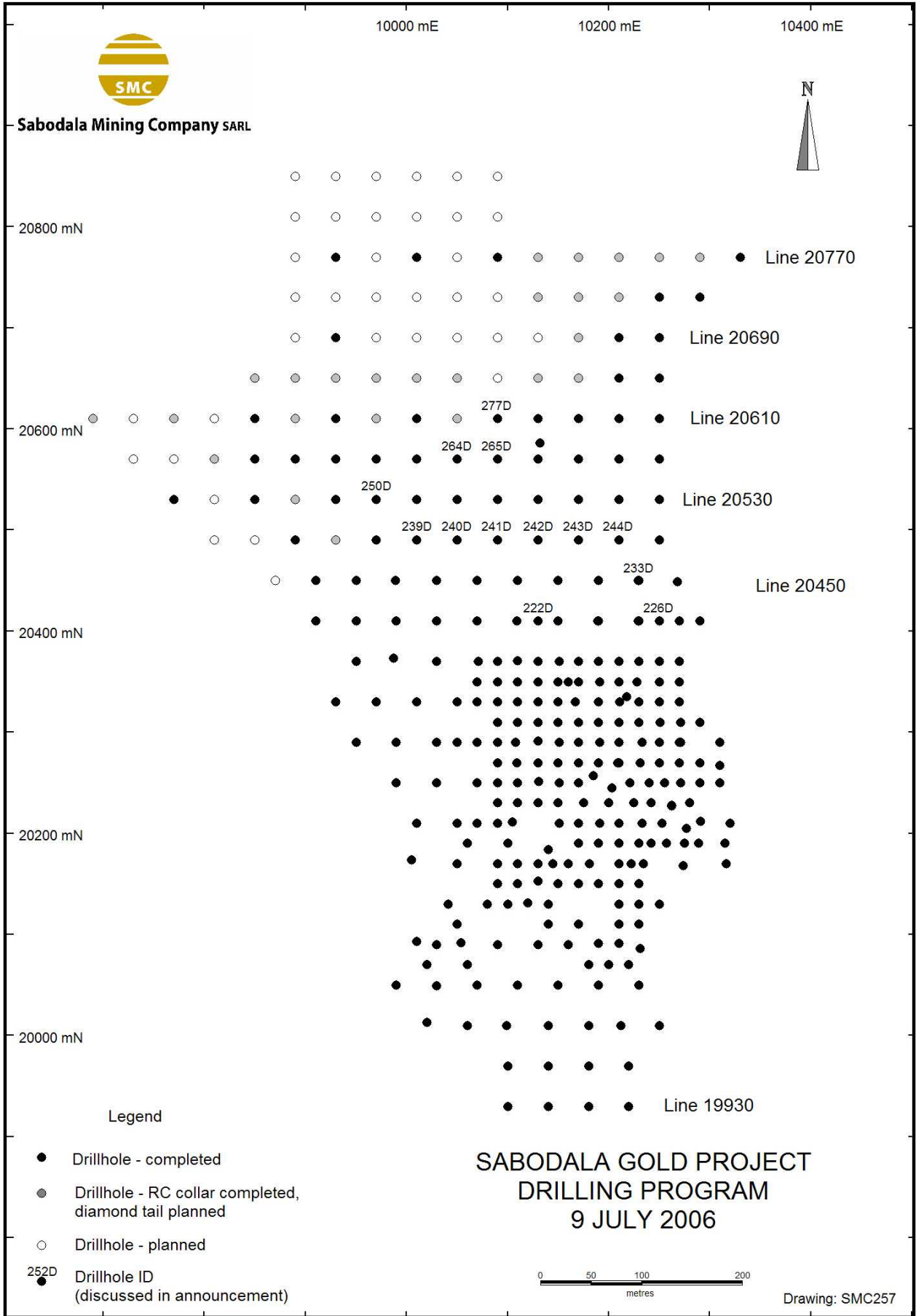
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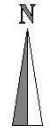
Attachment 1

Sabodala Gold Deposit Preliminary Grade Tonnage Report (Multiple Indicator Kriging; 5mE x 10mN x 2.5mRL Selective Mining Unit)			
Lower Cut-off Grade (g/t gold)	MT	Ave Grade (g/t gold)	Kozs
Measured			
0.5	7.234	2.6	652
0.8	5.952	3.0	623
1.0	5.286	3.2	602
1.2	4.712	3.5	579
Indicated			
0.5	12.254	1.9	804
0.8	9.165	2.3	734
1.0	7.717	2.5	687
1.2	6.564	2.8	643
Inferred			
0.5	11.61	1.8	741
0.8	8.45	2.2	669
1.0	6.99	2.5	623
1.2	5.90	2.8	580
Total Resource			
0.5	31.096	2.0	2,197
0.8	23.566	2.4	2,025
1.0	19.998	2.7	1,912
1.2	17.174	3.0	1,802





Sabodala Mining Company SARL



20800 mN

10000 mE 10200 mE 10400 mE

20600 mN

Line 20770

Line 20690

Line 20610

Line 20530

20400 mN

Line 20450

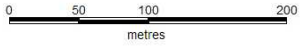
20200 mN

20000 mN

Legend

- Drillhole - completed
- Drillhole - RC collar completed, diamond tail planned
- Drillhole - planned
- 252D Drillhole ID (discussed in announcement)

SABODALA GOLD PROJECT
DRILLING PROGRAM
9 JULY 2006



Drawing: SMC257

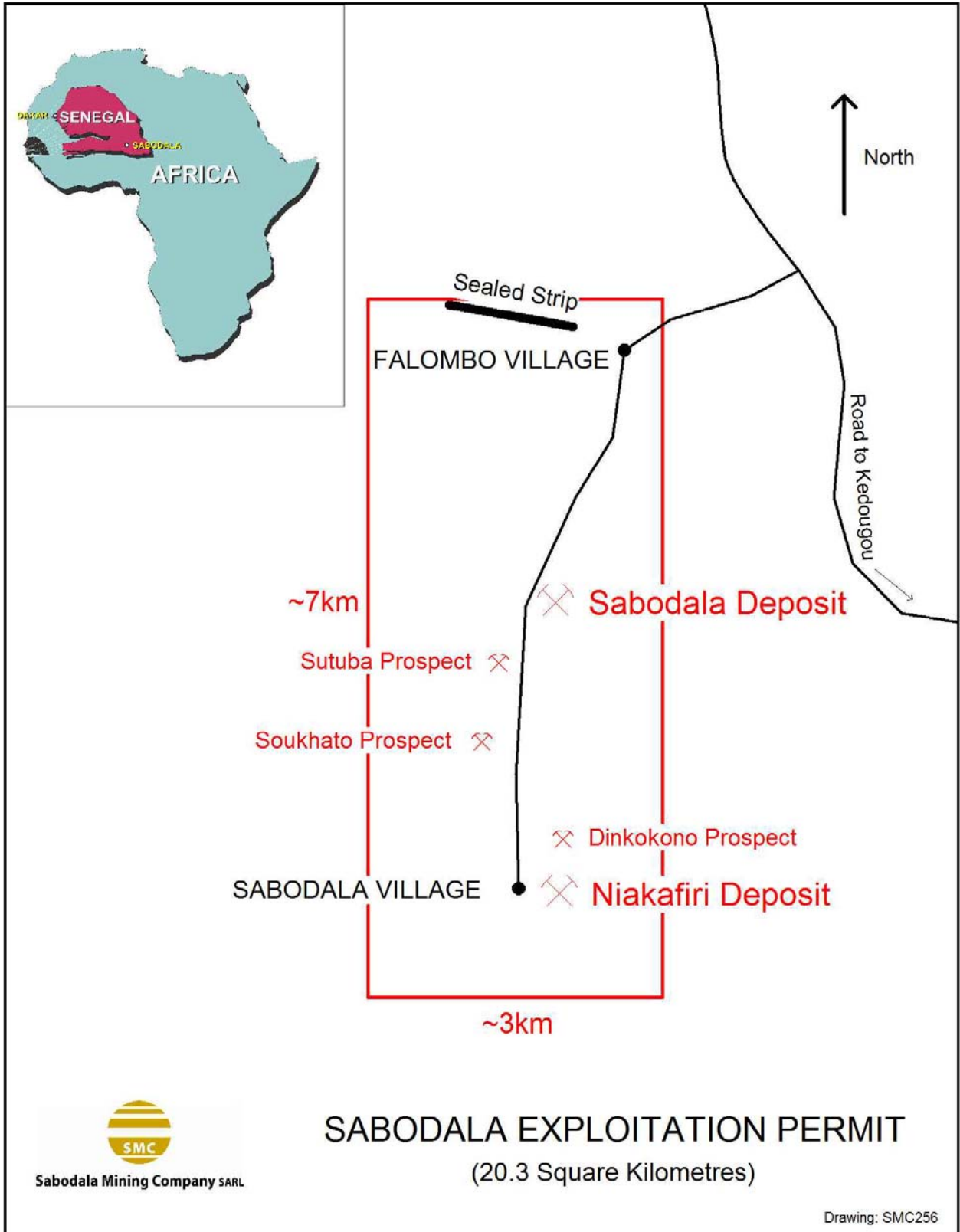
Attachment 4

INFILL

Hole ID	Northing	Easting		From	To	Interval (m)	Gold (g/t)	Azimuth
SBRC222D	20410	10130		99	104.24	5.24	2	Grid East
			and	109.5	125	15.5	2.6	
			and	138.76	167	28.24	3.8	
SBRC226D	20410	10250		59	68.66	9.66	2.4	Grid East
			and	109.48	130.8	21.32	4	
SBRC233D	20450	10230		128	144	16	2.9	Grid West
			and	147	154	7	9.4	
			and	179	183.6	4.6	5.4	
			and	205	224	19	3	
			and	232	240	8	2.5	

STEP OUT

Hole ID	Northing	Easting		From	To	Interval (m)	Gold (g/t)	Azimuth
SBRC239D	20490	10010		144.5	153	8.5	3.2	Grid East
			and	200.06	204.73	4.67	8.7	
			and	210.27	222	11.73	3.9	
			and	230	234	4	3.9	
SBRC240D	20490	10050		147	167.75	20.75	7	Grid East
			and	225	237.25	12.25	4	
			and	244	250	6	42.6	
SBRC241D	20490	10090		147	155	8	2.5	Grid East
SBRC242D	20490	10130		119.95	128	8.05	5.9	Grid East
SBRC243D	20490	10170		127.35	144	16.65	3.1	Grid East
SBRC244D	20490	10210		121	135	14	5.2	Grid East
SBRC250D	20530	9970		193.82	204	10.18	3.3	Grid East
			and	223	231.86	8.86	3.6	
			and	325.47	330.16	4.69	2.5	
SBRC264D	20570	10050		169	179	10	6.1	Grid East
SBRC265D	20570	10090		230.66	235	4.34	2.1	Grid East
SBRC277D	20610	10090		185	195.9	10.9	4.9	Grid East



SABODALA EXPLOITATION PERMIT (20.3 Square Kilometres)