

ASX RELEASE

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SABODALA GOLD PROJECT – INFILL DRILLING NEARLY COMPLETE; Stage 1 Open Pit Design Underway

Further infill drilling (Phase 2) at Mineral Deposits Limited's ("MDL") Sabodala gold project in southeast Senegal, west Africa has identified additional significant high grade mineralisation (see Attachment 1).

With respect to the infill drilling within the Phase 1 limits of 450 by 300 metres, the significant gold intersections in grams per tonne (g/t) with drilling at an incline of 60 degrees include:

- **17 metres grading 10.5g/t from 90 metres;**
- **35 metres grading 21.2g/t from 37 metres;**
- **32 metres grading 9.1g/t from 79 metres;**
- **48 metres grading 10.5g/t from 83 metres; and**
- **40 metres grading 4.2g/t from 92 metres (all downhole).**

MDL and independent consultants RSG Global Exploration and Mining Consultancy of Perth have taken the step of closing off the drilling and assay results for the Stage 1 Pit - Bankable Feasibility Study.

The nominal cut-off date was 15 May 2006. Included in the database are 257 drill holes representing all of the Phase 1 programme together with the majority of the planned Phase 2 programme aside from 12 drill holes. MDL anticipates completion of the remaining infill holes by the end of May.

The company now recognises that the mineralisation is extending in a more northwards direction than expected, as exemplified by SBRC311D which intersected **20m @ 6.8g/t Au from 362m** (downhole). This hole is the furthest northern step-out hole, 320 metres north from MDL's area of infill drilling. The success of the step-out drilling in the Phase 2 programme will result in additional drillholes in this area. The success of the step-out drilling is likely to support a subsequent expansion of the open pit following commencement of mining operations (see Attachment 2).

Step-out drilling will also be undertaken southwards to encompass the Sutuba prospect located some 600 metres south of Sabodala. At Sutuba, previous drilling by BRGM intersected gold mineralisation at shallow depth in each of its three holes. The best intersection was 7.65m at 3.5g/t gold in SUT 1 (see Attachment 3).



Structural geological analysis of the mineralised system recognises that Sabodala is part of a large structural zone - the Sabodala Shear Zone - which has a surface expression some two kilometres in width. It is considered possible the Sabodala style of mineralisation can repeat at depth within the mineralised parts of the very large Shear Zone. Drill testing at considerable depth to ascertain potential is proposed.

MDL will also commence sterilisation drilling of its planned infrastructure sites as well as geotechnical drilling as required.

Geotechnical drilling of the northern make-up water dam is complete and site works clearing the dam footprint well advanced. Completion of this small dam is anticipated to take one month. This dam will hold about one million cubic metres of water and provide water from the 2006 wet season for the 2007 year construction phase before becoming a plant make-up water facility.

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.

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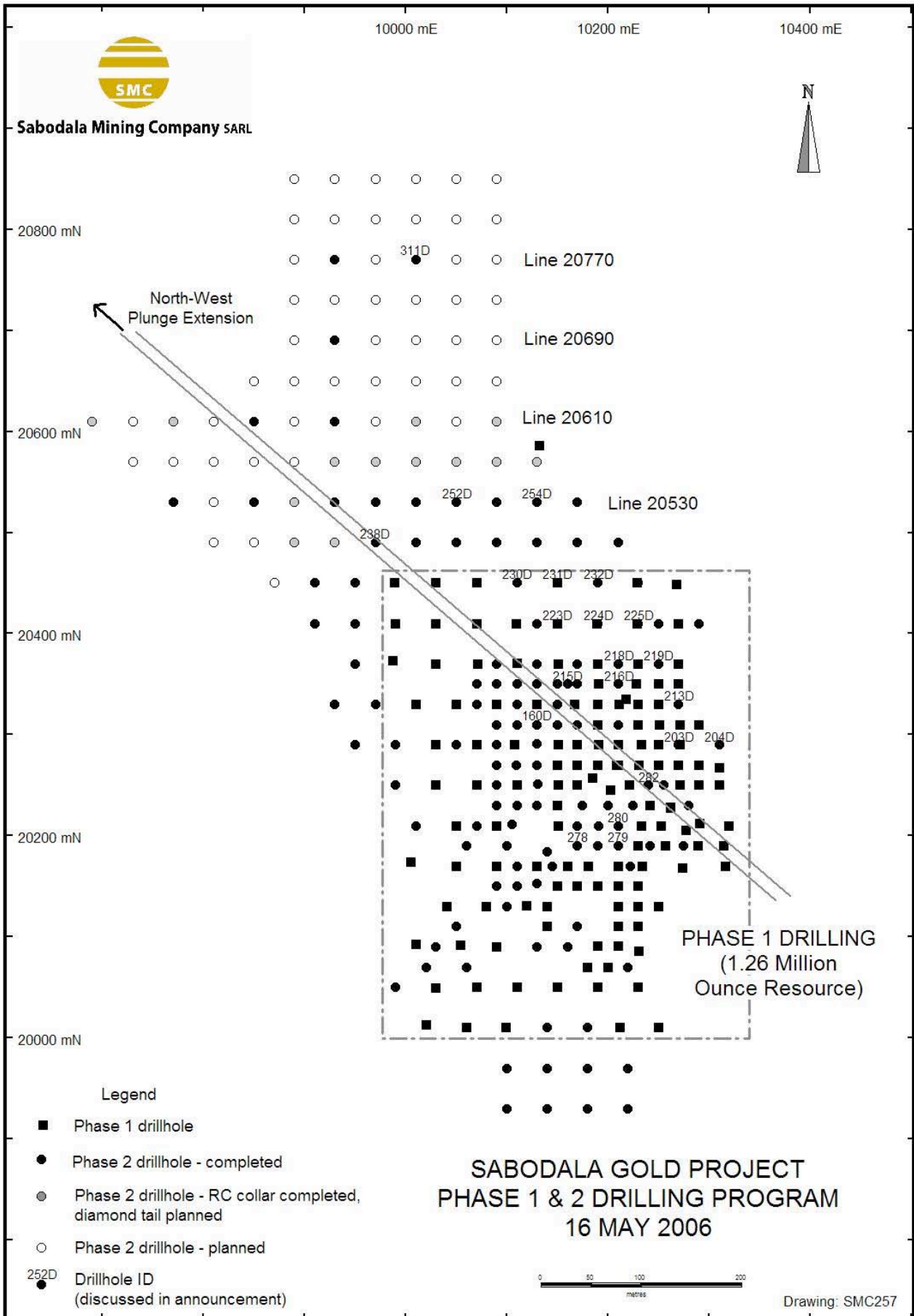
INFILL

Hole ID	Northing	Easting		From (m)	To (m)	Interval (m)	Grade (g/t Au)	Azimuth
SBRC160D	20310	10130		90	107	17	10.5	grid east
SBRC203D	20290	10270	incl.	37	72	35	21.2	grid west
				54	62	8	60.0	
SBRC204D	20290	10310		95	109	14	4.6	grid east
SBRC213D	20330	10270		65	76	11	3.8	grid west
			and	79	111	32	9.1	
			and	116	120	4	2.4	
SBRC215D	20350	10160		55	60	5	3.5	grid east
			and	83	131	48	10.5	
SBRC216D	20350	10210		114	122	8	3.6	grid east
SBRC218D	20370	10210		68	72	4	1.5	grid west
			and	83	89.3	6.3	3.1	
SBRC219D	20370	10250		108	115	7	1.7	grid west
			and	118	127	9	2.0	
			and	129.75	133	3.25	3.4	
SBRC223D	20410	10150		60	73	13	3.4	grid west
SBRC224D	20410	10190		87	97	12	3.2	grid west
SBRC225D	20410	10230		52	56	4	6.1	grid west
			and	83	87	4	2.8	
			and	103	117	14	1.9	
			and	148	152.73	4.73	3.2	
SBRC230D	20450	10110		101	107	6	1.3	grid west
SBRC231D	20450	10150		95	99	4	7.8	grid west
			incl.	97	99	2	14.1	
			and	102	108	6	2.1	
			and	132	139	7	1.4	
			and	158.87	191	32.13	3.9	
			and	207	215	8	4.0	
SBRC232D	20450	10190		67	75	8	1.3	grid west
			and	81	85	4	2.5	
			and	92	132	40	4.2	
			and	183	200	17	3.6	
			and	204	208	4	2.3	
			and	235	242	7	3.4	

STEP OUT

SBRC238D	20490	9970		185	202	17	6.5	grid east
			and	237.5	241	3.5	3.4	
			and	271	277	6	2.5	
			and	306	309	3	58.4	
SBRC252D	20530	10050		149	160	11	2.9	grid east
SBRC254D	20530	10130		135.84	141.14	5.3	1.2	grid east
SBRC311D	20770	10010		362	382	20	6.8	grid east

Note: all holes drilled with a dip of -60°



Sabodala Mining Company SARL

10000 mE 10200 mE 10400 mE



20800 mN

Line 20770

North-West Plunge Extension

Line 20690

20600 mN

Line 20610

Line 20530

20400 mN

PHASE 1 DRILLING
(1.26 Million Ounce Resource)

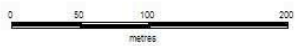
20200 mN

20000 mN

Legend

- Phase 1 drillhole
- Phase 2 drillhole - completed
- ⊙ Phase 2 drillhole - RC collar completed, diamond tail planned
- Phase 2 drillhole - planned
- Drillhole ID (discussed in announcement)

SABODALA GOLD PROJECT
PHASE 1 & 2 DRILLING PROGRAM
16 MAY 2006



Drawing: SMC257

