



## ASX RELEASE – 4 MAY 2007

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### SABODALA PRESIDENTIAL DECREE SIGNED

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The Board of Directors of Mineral Deposits Limited is pleased to announce that the Presidential Decree for the Sabodala Gold Project in Senegal has been signed by Senegalese President H E Abdoulaye Wade.

Preliminary planning details of the Sabodala Project are as follows:

1. Estimated 1.01 million ounces to open pit depth of 210 metres. Overall resource of 1.9 million ounces per report by independent consultant geological firm RSG Global, Perth.
2. A two million tonne per annum plant to treat about three grams per tonne of ore bearing rock.
3. Output of some 150,000 ounces of gold per annum expected over an estimated mine life of 10 years. MDL expects production to exceed 200,000 ounces in the first two years.
4. Open pit stripping ratio of 4.6:1 equates to a cash cost of between US\$300 and US\$350 per ounce of gold.
5. Capital cost of US\$145 million plus working capital.

Engineering is already underway with critical items such as the power station and SAG/ball mills on order. Work on the major water dam, to be built by internationally known contractor BCM International Limited of Ghana, has commenced.

The Notification Letter in regard to the decree was signed by the Minister of Industry and Mines, Mr Madicke Niang, on Thursday, 3 May 2007. It formally authorises MDL to develop the project on the following key terms:

- MDL will establish an exploitation company in which the Government of the Republic of Senegal ("ROS") will hold an immediate 10% non-contributory interest.
- Ten year mine lease.
- Eight year exoneration from taxation including Value Added Tax and Company Tax.
- No import duties.
- In terms of the original tender of 25 October 2004, MDL committed to pay the ROS US\$6.50 per ounce bonus payment for determined mineable reserves exceeding 556,000 ounces. The company has since agreed a one-off payment to the ROS of US\$6.52 million.
- The exploitation company will:
  - pay a 3% gross production royalty;
  - invest US\$425,000 per annum on social development in the region; and
  - contribute US\$30,000 per annum to district administration support.



The ROS or a national Senegalese party has the right to acquire a further 30% contributory interest in the new exploitation company as detailed in the existing Mining Convention (June 2005), as below:

1. Purchase price of new shares in the exploitation company to be based on independent evaluation of the project by an internationally recognised public accountancy firm or investment bank. The independent expert will be selected by MDL but subject to approval of the Minister of Energy and Mines.
2. A proposed buyer will have 30 days to subscribe for such shares calculated from the date on which MDL supplies the buyer with the final independent valuation report.
3. Simultaneously and conditional on the payment for the new shares and, as a prior condition of their issue, the authorised buyer will be required to pay an amount proportional to its participation in the finance necessary for the development of the project as determined by the offer of bank facilities to further fund the project through to production.

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