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GRANDE CÔTE ZIRCON PROJECT Mining Convention Addendum Signed

The Board is pleased to announce that the Addendum to the Mining Convention for the development of the Grande Côte Zircon Project ("GCZP") has been executed by MDL and the Government of the Republic of Senegal ("ROS").

Signature paves the way for the company to commence development of the GCZP.

The key terms of the agreement are:

- As part of supporting development of the Grande Côte region, MDL has agreed to spend US\$20 million on the New Town and social development in the area of the 446 square kilometre lease.
- The company will expend a further US\$150,000 per annum on other agreed social programmes in the Grande Cote area.
- MDL has committed to support training/equipment needs of the Department of Mines and Geology with payments of US\$50,000 annually.
- The payment of a 3% gross production royalty to ROS and a further 2% gross production royalty directed to the New Town/social development in the region.
- MDL will pay a 10% production bonus to ROS based on an agreed net profit interest formula.
- ROS is entitled to a 10% free-carried interest in the project operating company and the payment of dividends once the project's capital costs and associated shareholder loans have been recovered.
- MDL will cooperate with ROS and apply world's best practice in environmental protection of the Grande Côte.
- A 25 year mine lease.
- MDL to receive a 15 year exoneration from taxation including Value Added Tax and Company Tax.
- No import duties on MDL-owned or rented equipment or on goods and services.
- ROS or a national Senegalese ONLY has the right to acquire a further 25% contributing interest in the exploitation company.



Conditions relating to this acquisition are:

1. Purchase price of shares in the exploitation company 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 subject to the consent of the Minister of Energy and Mines.
2. A proposed buyer will have 30 days to pay for shares calculated from the date on which MDL supplies the prospective buyer with the independent valuation report.
3. Simultaneously and conditional on the payment for the shares and as a prior condition to the allocation of these shares, the buyer will be required to pay an amount proportional to its participation in the capital necessary for the development of the project as has been determined by the offer of bank finance.

For further details please contact:

Jeff Williams

Tel: (03) 9909 7633

E-mail: jeff.williams@mineraldeposits.com.au

or visit our Website at: www.mineraldeposits.com.au