



**ASX/TSX RELEASE – 7 FEBRUARY 2008**

**ASX CODE: MDL**  
**TSX CODE: MDM**

Mineral Deposits Limited  
ABN 19 064 377 420

Level 7, 530 Little Collins Street  
Melbourne VIC 3000  
Australia

Tel +61 3 9909 7633  
Fax +61 3 9621 1460

mdlmail@mineraldeposits.com.au  
www.mineraldeposits.com.au

**MDL AGREES US\$130 MILLION BANK DEBT PACKAGE FOR CONSTRUCTION AND DEVELOPMENT OF THE SABODALA GOLD PROJECT**

Mineral Deposits Limited is pleased to announce that it has negotiated a debt financing package with leading Australian mining finance institutions to provide total facilities of US\$130 million. The package will be in the form of a Senior Project Finance Facility and a Revolving Working Capital Line for completion of the construction and development phases of the Sabodala Gold Project ("Sabodala") located in the Republic of Senegal and an asset based finance lease for the mining fleet.

Sabodala is situated some 650 kilometres east of the capital Dakar within the Birimian belt and about 90 kilometres from major gold discoveries in Mali. MDL and the Government of the Republic of Senegal ("GOS") have established an operating company to complete the project and then mine the deposit pursuant to the terms of the Mining Convention between them. MDL has a 90% holding and GOS a 10% free-carried interest in the new company. The construction of Sabodala is now 35% complete and it remains on schedule to commission during September 2008.

The debt financing package will be provided by a syndicate of Australian-based resources banks and comprises:

	US\$
Project Debt: Senior project bank debt facility arranged and underwritten by Macquarie Bank Limited ('MBL')	70,000,000
Working Capital: Revolving working capital tranche: RMB Resources Limited ('RMB') mandated to arrange	35,000,000
Mining Fleet: Leasing facility for the acquisition of mining equipment for Sabodala provided by Societe Generale CIB ('SocGen')	25,200,000
<b>TOTAL FINANCE FACILITIES</b>	<b>130,200,000</b>

MBL and RMB will be granted 20 million free options at an Exercise Price of A\$1.40 each exercisable within three years from date of drawdown.

Debt drawdown is expected to commence during March 2008 when MDL will have completed expenditure of its equity contribution to the project financing. Drawdown will be subject to MDL meeting a number of conditions precedent, including implementation of a mandatory gold hedging strategy. Under the project debt facility documentation, MDL will commit to hedging part of Sabodala's production, details of which will be provided on execution of the final documentation for the debt component above. The hedging programme, as currently envisaged, will be designed to maintain a significant exposure of Sabodala's gold endowment to any future increases in the gold price.



The project finance facilities and asset based debt will have a tenor of between three and four years.

Commenting on the signing of the debt facility, Nic Limb, MDL Executive Chairman, said "The Sabodala debt financing package demonstrates the confidence that the financial institutions involved in Sabodala have in MDL and its management of Sabodala as well as the Grande Côte Zircon Project ("GCZP"), also in Senegal. MBL, RMB and SocGen are leading resource financiers in west Africa. This milestone for MDL cements financing for the development of Senegal's second mine and employment for up to 400 Senegalese nationals". He continued, stating that "We are pleased to have such a supportive and committed lender group which, along with our shareholders, have provided the funds to facilitate this significant development for the company and host country. I also wish to thank the Government of the Republic of Senegal for having provided a stable operating environment for 'greenfield' development and, most importantly, our committed MDL team in Senegal and Australia for bringing this exciting development to reality."

## **SHAREHOLDER UPDATE**

The Feasibility Study in the Prospectus lodged in Canada on the company's listing on TSX in December 2007 contained the following highlights:

- Mineable gold reserve of 1.406 million ounces
- Resource gold estimate of 2.74 million ounces
- Mill capacity of two million tonnes per year
- Mine Life of 10 years
- Strip Ratio of 5.2 (waste) to 1.0 (ore)
- Average Mine Life Gold Grade of 2.39 grammes per tonne
- Average Mine Life Cash Operating Costs of US\$31.18 per tonne
- Average Mine Life Cash Operating Costs of US\$441 per ounce
- Base Case NPV of US\$21 million at 8% discount rate (gold price of US\$624 per ounce)
- NPV rises some US\$50 million for every 10% increase in Gold Price above Base Case

**The Spot Gold Price in US\$ per ounce is currently up 46% on the Base Case.**

### **Status of Sabodala**

- Some 35 % complete to end of January 2008
- Company cash reserves of A\$56 million (US\$50.4 million) to end January 2008
- Capital cost to completion – currently estimated at about US\$111 million including a US\$12.2 million contingency and US\$8.3 million for a water pipeline from the Faleme river
- Capital costs up US\$20 million from previous estimates take account of a rise in steel prices and freight, additional consumables needs and higher manning levels
- Production planned to start in September 2008
- First year gold production target of some 200,000 ounces
- Mine Operating Costs of US\$371 per ounce in calendar 2009



## **Grande Côte Zircon Project**

Near commencement of gold production at Sabodala in September 2008, the human resources presently assigned to construction of the gold project will become available to accelerate the development of the GCZP.

Currently, the development cost of the GCZP is forecast around US\$172 million based on producing some 85,000 tonnes of zircon per annum and stockpiling the titanium-based products predominantly comprising ilmenite. MDL has previously engaged RMB to arrange project debt finance facilities. RMB, along with the company, has been active in securing an interest in debt financing the GCZP from suitable international lenders.

At this stage, MDL has secured long-term contractual arrangements with 'blue chip' customers for its zircon products but has yet to finalise negotiations for ilmenite output of up to 700,000 tonnes per year. In the absence of firm arrangements with a buyer(s) being concluded in the interim, the ilmenite will be stockpiled for later sale as originally intended.

*The information in this report that relates to Exploration Results is based on information compiled by MDL's Mining Operations Manager, Bruce Van Brunt MSc Mining Engineering, who is a member of The Australasian Institute of Mining and Metallurgy and is also a registered professional geologist in the State of Washington, USA. Mr Van Brunt 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" and as defined in NI43-101. Mr Van Brunt 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

Tel: (03) 9909 7633

E-mail: [jeff.williams@mineraldeposits.com.au](mailto:jeff.williams@mineraldeposits.com.au)

or visit our Website at: [www.mineraldeposits.com.au](http://www.mineraldeposits.com.au)