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SABODALA GOLD PROJECT

DRAWDOWN OF PROJECT FINANCE FACILITY AND GOLD HEDGING PROGRAM

- **Draw down of the US\$70 million Project Finance facility as the final financing for Sabodala construction has commenced**
- **460,000 ounces of committed gold sales at US\$ 861/oz completed**
- **227,000 ounces of put options at a strike of US\$ 861/oz purchased**
- **33% of current reserves covered by committed sales at US\$861/oz**
- **90% of next five years' projected production protected with committed sales and put options at US\$861/oz**

The construction phase of the two million tonne per annum Sabodala Gold Project is now approximately 75% complete with more than 95% of required materials on site. The project is expected to reach practical completion by the end of November and begin the commissioning phase immediately thereafter. Some major elements such as the power station have already begun commissioning.

The Phase 1 open pit is progressing well and has in places reached depths in excess of 40 metres below surface and ore is now being delivered to the ROM pad. MDL is on track to have the planned 500,000 tonnes of ore on the ROM pad by the start of commissioning.

Expenditure to date is in line with the construction budget of US\$204 million.

To date, the project has been funded from internal resources and a US\$35 million working capital facility that is now fully drawn. As previously announced, the balance of the project construction will be funded by the Project Finance facility of US\$70 million provided by Macquarie Bank Limited and the first drawdowns under this facility have now been made. The company anticipates this facility will adequately cover all expenditure to first gold production.

A condition precedent of the Project Finance facility was the establishment by MDL of a gold hedging program and this program has been completed. It has been constructed to be a mix of forward sales and put options. In total, 460,000 ounces of gold has been committed for delivery between February 2009 and February 2014 at a delivery price of US\$861.35 per ounce.

In addition, 227,000 ounces of put options have been purchased with exercise dates over the same five year period at a strike price of US\$861.35 per ounce. These put options serve to provide full price protection at US\$861.35 for prices below this whilst leaving full participation in the gold prices above this level for these 227,000 ounces.

