

## SABODALA 2010 EXPLORATION UPDATE

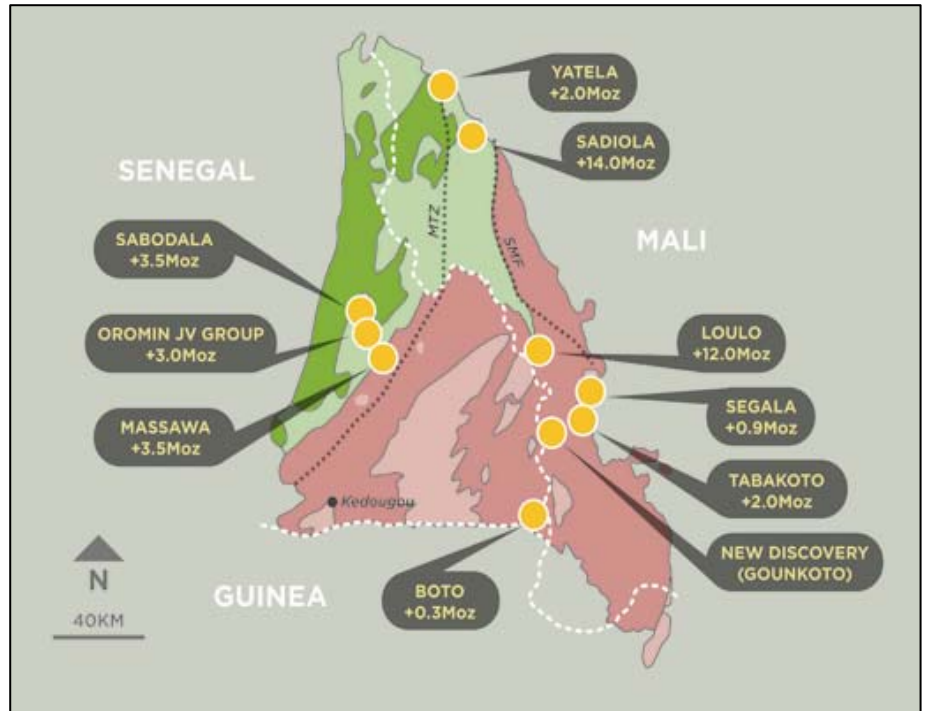
- ▶ **Mine Lease RC and diamond drill campaign about to commence with initial US\$4 million six month budget**
- ▶ **Encouraging results from RAB drilling on regional landholding coming through with RC drilling about to commence to test targets at depth**

### Background

Mineral Deposits Limited (MDL) holds a large ground position on the extension into Senegal of the West African Birimian gold belt and, more specifically, within the Kenieba Inlier which has already yielded a number of large-scale gold mines and more than 40M ounces of gold resources despite being only lightly explored terrain.

The ground position is in the Sabodala district of Senegal and comprises a Mining Concession and seven Exploration Permits in various joint ventures, totalling approximately 1,600km<sup>2</sup>. Over 75% of the landholding lies within a 35km radius of MDL's Sabodala mining operation.

Until late 2009, no significant drilling had been undertaken on exploration projects since 2006 as the focus had been on developing the Sabodala mine and treatment facility. Sabodala has been operating successfully since March 2009 and attention has now returned to exploration within the large landholding.



Project locations are designated as either "Mine Lease" or "Regional", depending on their location, and are prioritised accordingly.

### Mine Lease Exploration

Mine Lease projects currently number 11 targets. The area is well understood structurally and many of these targets have significant drill intercepts from earlier MDL drilling. A major RC and diamond drill campaign is about to commence with 15,000 metres of RC and 12,000 metres of diamond drilling planned over the next six months with a budgeted expenditure of approximately US\$4 million.

### Regional Exploration

The Regional landholding is extensively covered with shallow laterite and work over the last few years has been directed at mapping and understanding the regolith/laterite distribution. This has been integrated with structural interpretation from airborne magnetic and regional geological mapping and then geochemical sampling of areas of interest. This data has been compiled to generate a large number of targets displaying encouraging geochemical responses and these targets are now being systematically followed up with RAB drilling to test the underlying bedrock to shallow depths. Encouraging results will be followed up with RC drilling.

A large RAB drilling program commenced in late 2009 and to date approximately 20,000 metres of drilling has been completed on a number of projects. Some associated RC drilling and trenching has also been undertaken. The RAB program will continue throughout 2010 and beyond with at least two rigs in operation at all times. Encouraging results have already been received on a number of projects and RC drilling will soon commence to test these RAB intercepts at depth. Expenditure during calendar 2010 will, to some extent, be results driven but is expected to exceed US\$10 million.

Very early recent results highlights include:

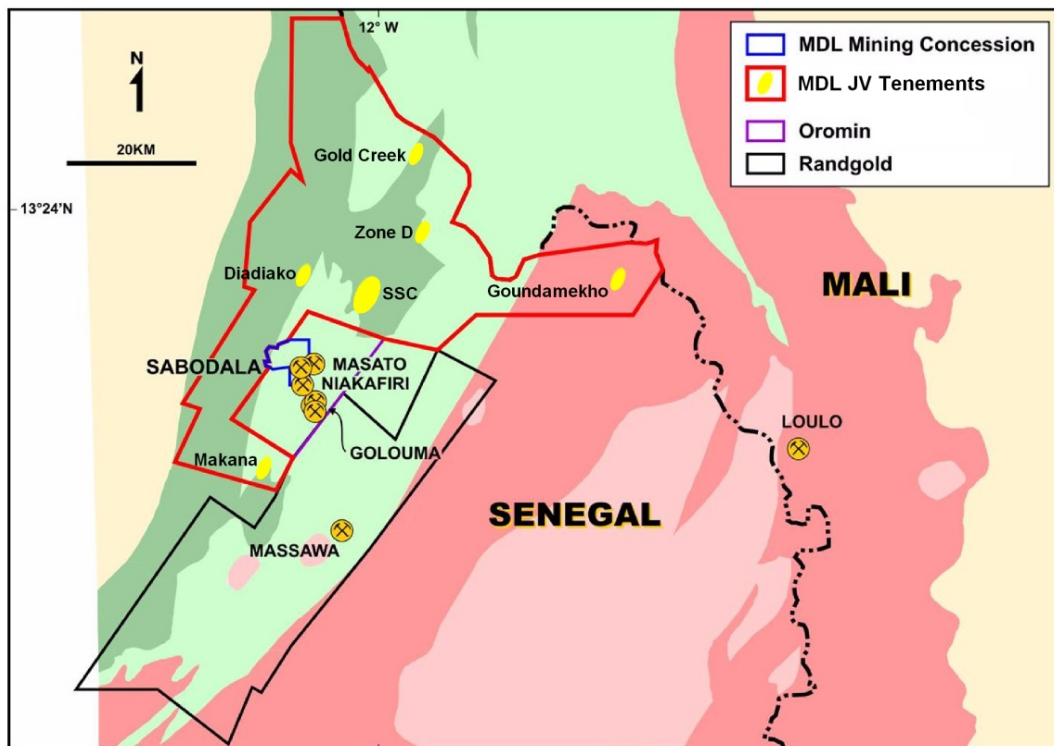
**Diadiako** – located approximately 15km from the Sabodala plant – reconnaissance diamond drill intersections include 14m @ 0.78g/t Au from 80m and 7.6m @ 2.24g/t Au from 193m within 13m at 1.43g/t Au from 189m. RC drilling has defined the presence of a NE trending and shallow south dipping structure with intersections including 10m @ 1.33g/t Au. This drilling is limited to two lines located 600m apart. RAB drilling to better define the mineralised trend is progressing and has already defined mineralised lodes over a strike length of some 1,000m. RC drilling follow up is now planned.

**Makana** – located approximately 20kms from the Sabodala plant – initial RAB drilling has returned anomalous gold values over significant widths, for example; 10m @ 0.2g/t Au in MKRBB0001 and 13m @ 0.1g/t Au in MKRBB0002. Follow up RC drilling will target a large tonnage, low grade deposit.

**Gold Creek** – located approximately 30km from the Sabodala plant – results returned include 78m @ 1.7g/t Au, 2m @ 3.8g/t Au and 2m @ 3.6g/t Au from trench KAT0007. Significant tonnage potential is possible and extensive RAB drilling is underway to better define the mineralised zones.

**Zone D** – located approximately 25km from the Sabodala plant – a zone of mineralised quartz lodes – once again “multiple lodes” where work completed to date has returned an average of 5.2g/t Au over lode widths of 2.9m. RC resource definition drilling is scheduled.

**Dembala Berola** project area – located approximately 40km from the Sabodala plant – lying within part of the Diale Sedimentary Belt and adjoining Bassari Resources’ leases which has announced a new gold discovery at Makabingui. The area has potential for large tonnage heap leach style deposits which could be established as a satellite to Sabodala. Mineralisation commonly consists of veins and disseminations in sediments which lead to wide intervals amenable to bulk mining and heap leaching. Recent trench results include 74m @ 0.8g/t Au at Dembala Hill near Goundamekho, which includes 10m @ 2.4g/t Au. Drill follow up here is prioritised. Results from Goundamekho some 8km further east, include 6m @ 4.2g/t Au and 26m @ 0.9g/t Au from reconnaissance RC drilling. Both prospects will receive systematic resource delineation drilling targeting large tonnage deposits amenable to heap leaching.



Both RAB and RC drilling will continue throughout 2010 with three to four drill rigs dedicated to the work. Results will be reported as appropriate.

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### About MDL

Mineral Deposits Limited is an ASX and TSX listed mining company with a current focus in Senegal, West Africa through a producing gold mine, the Sabodala Gold Operation, and a to be developed mineral sands project, the Grande Côte Mineral Sands Project.

The Sabodala Gold Operation, which poured its first gold in March 2009, is located 650 kilometres east of the capital Dakar within the West African Birimian geological belt in Senegal, and about 90 kilometres from major gold mines and discoveries in Mali. The area has only recently been opened for mining and exploration and is emerging as a significant new gold camp, with more than 10M ounces of resources already discovered.

The Grande Côte Mineral Sands Project is located on the coast of Senegal starting approximately 50 kilometres north of Dakar and extending northwards for more than 100 kilometres. The large scale of the ore body and the high quality of the zircon provides the potential to establish an operation of international significance.

Senegal is one of Africa's most successful democracies, having gained independence in 1960. It enjoys a stable and investor friendly political and social environment. The government of the Republic of Senegal is MDL's valued partner and holds a 10% free carried interest in both projects, which will accrue dividends once MDL has recovered its capital invested.

### Competent Persons Statement

The information in this release that relates to Exploration Results is based on information compiled by MDL'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" and as defined in NI43-101. Mr Young has consented to the inclusion of this information in the form and context in which it appears in this release.