

SABODALA EXPANSION TO DOUBLE CAPACITY – TARGETING 200,000ozpa FROM MID-2011

Mineral Deposits Limited (ASX: MDL, TSX: MDM) is pleased to announce the planned expansion of the Sabodala gold plant from a nominal capacity of 2.0 million tonnes per annum (Mtpa) to approximately 4.0 Mtpa. Upon completion of the expanded operations, anticipated to be in mid-2011 (calendar year), it is expected gold output will increase to an average of approximately 200,000 ounces per annum and the mine life of the existing Sabodala pit will be reduced from the current 11 years to 7 years (based on existing reserves).

Given the original plant was designed and constructed with future expansion in mind, with certain key parts of the existing infrastructure (such as the 30MW power plant) already having the capacity to handle the proposed increased throughput, the estimated capital cost of the expansion is approximately US\$80m – comprising US\$60m (including contingency) for the processing plant and associated infrastructure and US\$20m for additional mining equipment.

The proposed major equipment additions for the processing plant include a new gyratory primary crusher and reclaim system to complement the existing jaw crusher, a second ball mill and associated pumps and cyclones, three new leach tanks and agitators and an additional tailing thickener. Proposed additional major mining equipment comprises a hydraulic shovel, five haul trucks and two blast hole drill rigs.

Detailed engineering, delivery of long lead time equipment items and construction are anticipated to take approximately 15 months.

Under the expanded production rates it is anticipated that cash costs per ounce will be reduced by at least 10%, through leverage of existing fixed costs and economies of scale. In addition, all of the incremental ounces of gold produced can be sold into the spot market, which would see approximately 55% of FY2012 forecast production, 75% of FY2013 and 100% thereafter sold at spot.

Nic Limb, Executive Chairman of MDL, commented “with the highly successful start of the Sabodala operation in 2009, we are now ramping up our operations to take advantage of our first mover positioning on the extension into Senegal of the renowned West African Birimian gold belt, which is becoming a major new gold district. We have every confidence that we will find more ounces and extend the longevity of the operations. During 2009 we reduced our debt to low levels which provides us with flexibility in respect of funding options.”

Exploration around Sabodala on both the Mining Concession and regional land package of approximately 1,600km² (comprising seven Exploration Permits in various joint ventures) is also being significantly ramped up with a view to increasing resources and reserves and increasing the longevity of the operations at the higher production rates.

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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.

Forward Looking Statements

Certain information contained in this release, including any information on MDL's plans or future financial or operating performance and other statements that express management's expectations or estimates of future performance constitute forward-looking statements. Such statements are based on a number of estimates and assumptions that, while considered reasonable by management at the time, are subject to significant business, economic and competitive uncertainties. MDL cautions that such statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of MDL to be materially different from the company's estimated future results, performance or achievements expressed or implied by those forward-looking statements. These factors include the inherent risks involved in exploration and development of mineral properties, changes in economic conditions, changes in the worldwide price of gold and other key inputs, changes in mine plans and other factors, such as project execution delays, many of which are beyond the control of MDL. Nothing in this presentation should be construed as either an offer to sell or a solicitation to buy or sell MDL securities.