



ASX RELEASE

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QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2007

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

HIGHLIGHTS

- ❑ **President Abdoulaye Wade of Senegal, west Africa was re-elected for a further five year term in a democratic election and is to be inaugurated this week.**

- ❑ **Sabodala Gold Project**
 - Sabodala Mining Convention addendum signed during January 2007.
 - Preliminary mine planning and ore reserve modelling indicate 1.01 million ounces of gold mineable from an open pit to only 210 metres.
 - Potential underground mineralisation below 210 metres excluded from the study at this stage.
 - The mineable ore reserve also excludes the nearby Niakafiri resource of 317,000 ounces.
 - Due diligence for banking finance underway.
 - Within the Sabodala permit area, further drilling success reported on the new east zone (all holes inclined at 60 degrees) including:
 - 5.0 metres grading 18.0g/t from 241 metres;**
 - 8.0 metres grading 8.0g/t from 71 metres;**
 - 5.4 metres grading 3.0g/t from 183.6 metres;**
 - 19.5 metres grading 3.5g/t from 124.5 metres; and**
 - 13.0 metres grading 4.0g/t from 101 metres (all downhole).**
 - Further ore zone intersections at the Niakafiri deposit include:
 - 27 metres grading 3.2g/t from 25 metres; and**
 - 23 metres grading 2.1g/t from 56 metres (both downhole).**

- ❑ **Grande Côte Zircon Project**
 - Since commencement of drilling in 2005, some 43,000 metres of drilling have been completed over a strike length of about 20 kilometres, confirming the deposit is suited to dredging.
 - As part of the MDL social programme, a new kindergarten at Diogo was completed in January.

- ❑ **Corporate**
 - On 9 February 2007, Dr Bobby Danchin was appointed a non-executive director of the company. Dr Danchin has wide experience in Africa and was previously Chief Executive Officer of Anglo American's Exploration and Acquisitions Division.
 - Cash at end of quarter, A\$87 million. No debt.



PRESIDENT ABDOULAYE WADE RE-ELECTED

On 25 February 2007, the Senegalese Presidential Elections were conducted with over 70% of registered voter turnout. President Abdoulaye Wade was re-elected with an overwhelming majority of 55.9% of the votes. Mr Wade will officially resume his position as Head of State of the Republic of Senegal on 3 April 2007.

The election process delayed the signing of the Presidential Decree for the Sabodala Gold Project. All indicators suggest the Decree for the gold project will be signed shortly.

As significant, the re-election of President Wade is seen by MDL as a positive outcome for the development of the gold and mineral sands projects.

Senegal has a democratic political tradition, being part of one of the most successful democratic transitions in Africa. Senegal recognises and respects all cultures, religions and backgrounds.

SABODALA GOLD PROJECT

100% (through MDL with Sabodala Mining Company SARL ("SMC"))

Sabodala Mining Convention Signed

During January 2007, MDL and the Government of the Republic of Senegal ("ROS") executed the supplementary deed to the existing Mining Convention for the development of the Sabodala Gold Project. The supplementary deed grants the company conversion of its existing Exploitation Permit to a Mining Concession (Mining Lease).

As a formality, MDL now awaits execution of the Presidential Decree and receipt of the Notification Letter granting the mining title.

The key terms of the agreement effective from the date of the Notification Letter are:

- MDL will establish an exploitation company in which ROS will hold a 10% non-contributory interest.
- Ten year Mine Lease.
- Eight year tax exoneration from taxation including Value Added Tax and Company Tax.
- No import duties on MDL-owned or rented equipment or on goods and services.
- As per the original tender of 25 October 2004, MDL committed to pay to ROS US\$6.50 per ounce bonus payment for mineable reserves exceeding 556,000 ounces. MDL also agreed to a one-off payment to ROS of US\$6.52 million.
- The exploitation company will:
 - pay a 3% gross production royalty;
 - invest US\$425,000 per annum on social development; and
 - contribute US\$30,000 per annum to district administration support.
- ROS or a national Senegalese party only has the right to acquire a further 30% contributory interest in the exploitation company.

The conditions relating to this acquisition are detailed in the existing Mining Convention (June 2005), as below:

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

Initial Study - Mineable Reserves Over One Million Ounces Sabodala Deposit Open Pit Design

For the Sabodala gold deposit, gold grades, composited into five metre bench averages, were interpolated using ordinary kriging and search parameters defined by variograms calculated in discrete geologic domains.

An open pit optimisation was completed using a US\$600/ounce gold price, 10% mining dilution and based on metallurgical testwork demonstrating an average gold recovery of 90%. The resulting open pit shell reported a waste:ore ratio of 4.6 to 1.

The open pit mineable reserves reported over one million ounces to a vertical depth of 210 metres based on a 1.2g/t cut-off. It is worth noting that between a cut-off of 1.0g/t to 1.2g/t, some 2.5 million tonnes will be stockpiled and probably treated in the final year of operations. Below the 210 metre pit bottom there is clearly potential for underground mining, however, further deeper drilling is required prior to producing a defined underground mine plan. As significant, further drilling may also identify additional open pitable mineralisation adjacent to the current open pit limits.

The initial geotechnical drilling shows that the geological structures located near the proposed pit wall perimeter are very competent. The initial pit design is based on varying pit slopes between 41 and 45 degrees. The bench heights are planned for 20 metres with six metre berms.

Plant throughput of two million tonnes per annum will produce an average of 150,000 ounces per year over the mine life. The preliminary schedule shows that some 200,000 ounces will be produced in each of the first two years. Operating costs over the mine life will average between US\$300 to US\$350/ounce and will be lower in the first two years. Costs have increased over the past two years due to higher diesel prices (related to oil price) and the rising cost of spares such as mechanical parts and tyres.

	Tonnes	Grade	Ounces
Proven	5,108,129	3.364	552,470
Probable	5,416,679	2.633	458,537
Proven & Probable	10,524,808	2.988	1,011,007



More Drilling Success on the New Easterly Ore Zone

Significant gold intersections reported since 1 January 2007 from the easterly mineralised zone include (see Attachment 1):

- 5.0 metres grading 18.0g/t from 241 metres;**
- 8.0 metres grading 8.0g/t from 71 metres;**
- 5.4 metres grading 3.0g/t from 183.6 metres;**
- 19.5 metres grading 3.5g/t from 124.5 metres; and**
- 13.0 metres grading 4.0g/t from 101 metres (all downhole).**

In the December 2006 quarterly, MDL recognised that the gold mineralisation also extended in a more easterly direction than believed, as exemplified by SBRC122D which intersected 36.6 metres @ 5.9g/t gold from 120.5 metres in an encouraging flat-lying structure. This hole was the furthest easterly step-out hole, 50 metres east of the company's area of infill drilling and only 100 metres vertical from the natural surface.

The initial follow-up drilling of SBRC514D, collared about 50 metres east of SBRC122D and 25 metres deeper, intersected 5.4 metres @ 3.0g/t. The following drill hole, SBRC515D, collared 100 metres east of SBRC122D and 50 metres deeper, intersected 5.0 metres @ 18g/t. MDL is now starting to consider the possibility that there exists a high angled fault that has dropped the zone down to the east.

The company will continue to plan step-out drilling on the eastern zone and expects that it will continue to identify the zone.

Niakafiri Deposit

A fresh interpretation of the gold grade continuity at Niakafiri has changed the direction of orientation from north-south to more northwesterly. The new orientation requires further drilling in different directions to intercept the northwest foliation and minor shearing. Drill results and interpretation show the zone is open to the north and northwest and potential depth extensions. Further drilling is required prior to a preliminary open pit design.

To date, a preliminary gold resource of 317,000 ounces at a 1.0g/t cut-off has been defined. Niakafiri is 2.5 kilometres south of the Sabodala gold deposit. Mineralisation has a significant oxide component to about 80 metres.

MDL completed a further 3,700 metres of RC drilling during the March quarter (see Attachment 2). The most significant gold intersections include:

- 27 metres grading 3.2 g/t from 25 metres;**
- 23 metres grading 2.1 g/t from 56 metres (both downhole).**

Capital Costs

Ausenco has estimated capital costs of about US\$160 million. The increase of some US\$35 million in capital costs in the past six months reflects higher steel and stainless steel prices, rising freight rates and labour rate pressures. Also, higher commodity prices in general has seen a rapid rise in the demand for mining products which, in turn, has increased the price of manufactured goods such as motors.

Detailed engineering is well advanced and critical lead items such as the ball and SAG mills were ordered in September 2006.



Project Development

In the first half of calendar 2007, the construction programme will include a major water storage dam with planned capacity of some eight million cubic metres, tailings storage, as well as the construction of the permanent mine village and quarrying and crushing of diorite rock for construction purposes. Mining contractor BCM of Ghana has been awarded the contract. The major dam will be completed prior to the start of the wet season around July.

Banking Due Diligence Well Advanced

As previously announced on 14 December 2005, Macquarie Bank Limited ("Macquarie") was engaged to arrange and underwrite debt and associated gold hedging facilities for the development of the Sabodala gold project. Macquarie has since maintained a close working relationship with the company. Over the past 16 months, a number of other banks have indicated strong interest in joining a banking syndicate and further discussions with these banks will be held over the next three months.

Macquarie conducted a final due diligence on the Sabodala gold project in the last week of March as part of the process to provide banking finance. As a priority, Macquarie has assigned SRK Consulting Services and Scientists ("SRK") of Cardiff, Wales to prepare a technical report of the Sabodala gold project. Three technical personnel from SRK joined Macquarie in Senegal. SRK will review available technical studies, comment on perceived risks and opportunities in feasibility study documents and contracts and provide an audited statement of Mineral Resources and Ore Reserves.

Macquarie anticipates completion of the SRK review in early May.

Regional Drilling Within the Sabodala Lease

An extensive soil sampling programme over the Sabodala permit of 20.3 square kilometres identified anomalous gold-in-soil zones throughout the lease including north and south along strike from the Sabodala deposit.

Regional RAB geochemical drilling commenced on 31 August 2006. This drilling programme is testing for new mineralisation along strike from the Sabodala deposit.

During the quarter, RC and diamond drilling was focused on strike extensions at Niakafiri as well as potential mineralised zones east of the main Sabodala gold deposit. Initial wide-spaced RC drilling to about 85 metres below the surface and over a strike distance of 240 metres commenced on the Dinkokono prospect. This anomaly lies some two kilometres north of Niakafiri and on the same trend.

At Dinkokono, a few results are available with anomalous gold values encountered including 22 metres grading 0.5 g/t.

Bransan

SMC has established a major ground position in the belt approaching 1,000 square kilometres in area (see Attachment 3). Just five kilometres north of the Sabodala Exploitation Permit, SMC is progressing its Bransan Exploration Permit of 353 square kilometres (some 21 kilometres by 16 kilometres). The Bransan joint venture between SMC (70%) and private Senegalese interests (30%) has an exploration commitment of US\$1 million over three years. The private Senegalese interests will be funded by the company through to a decision to develop.

Exploration of the Bransan Exploration Permit area is continuing with a combination of geological mapping and soil and rock chip sampling for gold.



To date, over 5,000 soil samples have been taken. Assay results are available for 1,460 of the samples with 408 considered anomalous above 50ppb (0.05g/t). Of the anomalous group, 14 samples have returned gold assay results greater than 100ppb with a maximum value of 2,480ppb. The results of the programme suggest two anomalous areas of 2.5 kilometres and 3.0 kilometres in strike length, respectively, have already been discovered. RAB drilling to test the main structural and geochemical anomalies is being planned.

GRANDE CÔTE ZIRCON PROJECT

100% (through wholly-owned subsidiary MDL Senegal SARL ("MDLS"))

Background

The Grande Côte zircon deposit is located some 100 kilometres northeast of the capital city Dakar. The project lies within a granted 446 square kilometre Exploration Permit (100 kilometres by 4.5 kilometres). Access to the project area from the excellent deepwater Dakar port is via a good, all-weather, sealed road north to Mboro, then poorly sealed and laterite-surfaced roads to access the dunal system itself.

Social Programme

Regular monthly communication meetings have been conducted between MDLS and both the Local Administration and representatives of the local population. The kindergarten within the confines of the Diogo village was completed during January 2007.

Site Preparation

An agreement has been executed between MDLS and the owner of a relatively flat 10.9 hectare unused and uninhabited block of land adjacent to and abutting the rear dune at Diogo. The block will be utilised for the dredge/concentrator construction site. The company will have three years' access to the site, sufficient for all such construction activities to be completed. As previously reported, a small dredge purchased by MDLS and suitable to prepare construction of the main pond has arrived in Dakar.

Land acquisition of some 287 hectares for the main separation plant ("MSP") site at Darou Fall near the proposed sand treatment area adjacent to Diogo has been completed. The MSP site will be approximately three kilometres by road from the commencement of the proposed start-up of the 50 million tonne per year dredge/concentrator site.

Drilling Programme

Since commencement of drilling in 2005, some 43,000 metres of drilling has been completed over a strike length of about 20 kilometres. MDL has focused on the regions of Diogo and Fass Boye. There is a mix of hand auger and RC drilling. The drilling confirms the deposit is amenable to dredging.

Siting and construction of three two metre wide vertical shafts for bulk samples at Diogo to compare hand auger and RC drilling methods and the heavy mineral grades commenced late in the December 2006 quarter. Test drilling on the three discrete locations has since been completed. A 200kg rotary sample splitter is in use to assist accurate determination of the bulk sample grades. Each shaft is likely to be excavated to at least 15 metres below the surface. The first shaft has intersected the water table at 10.5 metres below the natural surface. The intention is to excavate each well to six metres below the water table representing the planned depth of dredging. The shaft sinking is likely to be completed by May 2007. Bulk density measurements and geological mapping are being undertaken at one metre intervals for the full extent of the shafts.

Two hand-auger drilling crews are proposed for the Diogo block to close the drill hole spacing to 20 metres across each line. Each line is 200 metres apart along strike.

Two RC drill rigs have been deployed at Diogo and on the Fass Boye deposit immediately south of Diogo. The rigs are initially drilling across each 200 metre spaced line on 80 metre centres.



Hydrological Testwork

The first of three deep bores to about 400 metres is underway. The initial hole adjacent to the rear dune at Diogo has reached 112 metres below the natural surface in Maestrichtien age marls. The target is a Maestrichtien age sand horizon known to be an excellent aquifer with quality drinkable water which lies beneath a thick sequence of calcareous marls and limestones. The geological log indicates 0-25m of fine white sands, 25-38m of coarse sands, 38-45m of clays, 45 to 62m of kastic limestone and below 62m calcareous marls. The hole is progressing. On completion it will be geophysically logged, cased and developed for pump testing. The bore will be used for site water requirements.

The deep water bore holes are sited approximately two kilometres from each other to suit the first two years of dredging.

Hydrological transmissivity testwork is also in progress with four bore holes covering the dredge construction site and the first two years of dredging. Initial results are confirming geological estimates and indicate the proposed dredge pond will be viable with make up water from the deep aquifer supplementing the surficial aquifer.

CORPORATE

Board Changes

On 9 February 2007, the company announced the appointment of Dr Bobby Danchin as a non-executive director of the company. Dr Danchin has wide experience in the minerals industry and particularly in Africa where the company's principal assets are located. He was previously Chief Executive Officer of Anglo American PLC's Exploration and Acquisitions Division and the Anglo American Group's Deputy Technical Director (Geology). Dr Danchin was an executive director of Anglo American Corporation of South Africa Limited. In 1980, he joined Stockdale Prospecting Limited (an Australian subsidiary of De Beers) as Chief Geologist, based in Australia. He remained with that company for 15 years, eventually becoming Exploration Manager heading up its Australian-based diamond exploration program.

This appointment reinforces the profile of the company and the desire to broaden its non-executive representation. Dr Danchin resides in Victoria, Australia and brings to the company an impressive background in the resources industry.

Additionally, Mr Jacobus C Strauss resigned as a non-executive director to pursue other interests.

Cash Reserves

As at 31 March 2007, cash reserves were A\$87 million, and no debt.

The information in this report that relates to Exploration Results is based on information compiled by Mineral Deposit Limited'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". Mr Young 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
or visit our Website at: www.mineraldeposits.com.au

ATTACHMENT 1

Mineralisation Intersections from the Sabodala Phase 2 Drilling Programme as at 28 March 2007. All holes azimuth grid east and @ -60 degrees inclination							
Hole ID	Easting	Northing		From (m)	To (m)	Width (m)	Grade (g/t Au)
SBCR093D	10230	20330		101	129	28	3.2
SBRC113D	10270	20410		124.5	144	19.5	3.5
SBRC473D	10410	20110		7	13	6	2.9
SBRC493B	10350	20170		71	79	8	8.0
SBRC494	10390	20170		81	94	13	1.8
SBRC509	10130	20850		47	51	4	2.1
SBRC514D	10310	20450		183.6	189	5.4	3.0
SBRC515D	10350	20450		241	246	5	18.0
SBRC516D	10250	20410		90	98	8	3.6
			and	101	114	13	4.0
SBRC518D	10050	20370		102	110	8	2.6
			and	159	165	6	1.9
			and	183	189	6	4.1
			and	202	206	4	1.1
			and	210	218.42	8.42	16.2
SBRC519D	10010	20370		114	118	4	2.6
			and	161	171	10	2.2
			and	235	242	7	2.0
SBRC521D	10310	20310		84	88	4	1.5
			and	99	106.8	7.8	3.6
The intervals are based on 1m composite assays, a minimum down-hole width of 4m, with a maximum internal dilution of 2m. The grade cut-off is 1.0g/t Au.							

Mineralisation Intersections from the Niakafiri Phase 2 Drilling Programme as at 28 March 2007. All holes azimuth grid east and @ -60 degrees inclination							
Hole ID	Easting	Northing		From (m)	To (m)	Width (m)	Grade (g/t Au)
NKDD001	11020	17690		6	10	4	1.3
			and	14	18	4	1.7
			and	25	52	27	3.2
NKDD002	11010	17730	and	56	79	23	2.1
				12.3	26	13.7	2.4
			and	93	102	9	2.4
NKRC011D	10950	17810		172.77	185.2	12.43	1.9
NKRC016D	10990	17770		113	125.35	12.35	2.0
NKRC017D	11030	17770		70	83	13	1.7
NKRC019D	10950	17730		156	162	6	1.3
			and	166.6	177	10.4	1.6
			and	184	188.2	4.2	2.4
NKRC136D	10930	17790		173.5	180	6.5	3.4
			and	197.7	206	8.3	2.2
NKRC138D	10930	17750		119	126	7	4.2
			and	163	170.77	7.77	1.2
			and	181	196	15	3.5
NKRC143	11120	17830		39	44	5	1.1
NKRC159	11020	18330		44	48	4	1.3
NKRC160	11060	18330		8	15	7	1.8
NKRC165D	10980	18410		11	15	4	1.2
NKRC166	11020	18410		27	32	5	1.2
NKRC167	11060	18410		17	26	9	2.3
The intervals are based on 1m composite assays, a minimum down-hole width of 4m, with a maximum internal dilution of 2m. The grade cut-off is 1.0g/t Au.							

