



## ASX RELEASE

ASX CODE: MDL  
TSX CODE: MDM

## QUARTERLY REPORT FOR THE PERIOD ENDED 31 DECEMBER 2007

### HIGHLIGHTS

#### ❑ Sabodala Gold Project construction 32% complete

- Construction is now 32% complete and project start-up for the 1.4 million ounce open pit operation remains on schedule for September 2008.
- Accommodation village able to house 550 employees at a cost of US\$15 million some 60% complete.
- Site power station equipment arrived in Senegal in early December.
- Earthworks costing approximately US\$15 million for the large water storage dam with capacity of eight million tonnes and the major tailings dam finished.
- Earthworks and concrete foundations for the power and crushing stations, leach tanks and explosives plant commenced.
- On the Sabodala deposit, the more significant gold intersections (all holes inclined at 60 degrees) include:

**11 metres grading 14.7g/t from 22 metres;  
12 metres grading 5.0g/t from 46 metres; and  
4.8 metres grading 14.8g/t from 204 metres (all downhole).**

#### ❑ Grande Côte Zircon Project Presidential Decree/Notification Letter signed

Receipt of the Presidential Decree and Notification Letter dated 27 November 2007 enables the company to develop the Grande Côte Zircon Project.

#### ❑ Corporate

- On 13 December 2007, MDL successfully completed an A\$56 million placement.
- Toronto Stock Exchange ("TSX") listing under the stock symbol "MDM" enabled trading to commence on 20 December 2007.
- Mr Clever Fonseca appointed as President and CEO of MDL (Mining) Limited with responsibility for the Grande Côte Zircon Project.
- All resolutions tabled were overwhelmingly approved at the 13th annual general meeting of the company held in Melbourne on Thursday, 29 November 2007.
- Cash at end of quarter, A\$64 million. No debt.



## SABODALA GOLD PROJECT

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

### Background

The Sabodala gold deposit is located in southeastern Senegal, some 750 kilometres east of the capital city Dakar. Sabodala lies within a granted 20.3 square kilometre Mining Concession. Access to the project area from the regional centre of Tambacounda is via a good, all-weather, sealed road 230 kilometres southeast to Kedougou, then over 96 kilometres of poorly sealed and laterite-surfaced roads. There is a 1,250 metre sealed airstrip at Sabodala already handling light to medium-sized aircraft.

### Construction 32% Complete

Construction is currently 32% complete and the Sabodala Gold Project is on track to commence production in September 2008.

The accommodation village capable of housing 550 employees at a planned capital cost of US\$15 million is some 60% complete.

The tailings dam and large raw water dam were both finished at the end of the November. The mining contractor, BCM of Ghana, is to be commended for the quality of construction and finished works, and for completing the task as planned and on schedule. Water storage at Sabodala presently stands at 1,165,000 cubic metres.

A Mauritanian company, MCE, was awarded the civil concrete contract for the processing plant. Progress on the processing plant has been in line with schedule with the majority of civil earthworks well underway by the end of December. The three largest earthworks tasks planned - the crusher vault, power-station and grinding mills - have all been completed. Construction of the bunding for the explosives enclosure is well underway.

### Resource/Reserve Estimate

As reported on 24 October 2007, the mineable open pit gold reserve at the Sabodala project is 1.41 million ounces.

The total Sabodala project gold resource is 2.74 million ounces. The resource is up 25% on the previous announcement in 2006.

### Main Flat Zone of Sabodala Deposit Extended a Further 200 Metres

The drilling programme for the Sabodala open pit is now testing mineralisation to a vertical depth of up to 300 metres and over a strike length of 860 metres and a width of up to 200 metres. The current open pit is designed to a final depth of 210 metres. The drilling is focused on a series of mineralised features - east flat zone, main flat zone, northwest structure and deeper zones below the final pit depth.

**Table 1: Significant intercepts drilled on Sabodala property Q4 2007**

Hole No.	From (m)	To (m)	Interval (m)	Gold (g/t)	Section
SBDD015	46	58	12	5.0	21470N
SBDD016	35	39	4	3.8	18370N
SBRC077D	100	114	14	4.3	20290N
SBRC199D	204	208.8	4.8	14.8	20190N
SBRC200D	246	253	7	5.5	20250N
SBRC236D	383	392	9	5.4	20490N
SBRC237D	221	226.3	5.3	1.2	20490N
SBRC237D	246	250	4	3.8	20490N



Hole No.	From (m)	To (m)	Interval (m)	Gold (g/t)	Section
SBRC237D	327.59	333.73	6.14	6.2	20490N
SBRC495D	126.3	131	4.7	4.2	20170N
SBRC635D	176	181	5	1.5	20250N
SBRC635D	189	195	6	1.8	20250N
SBRC660D	341	347	6	2.3	20410N
SBRC668D	223	229	6	2.9	20490N
SBRC733D	196	203	7	1.8	20130N
SBRC734D	87	98	11	2.5	20130N
SBRC734D	132	136	4	2.4	20130N
SBRC735D	162.65	171	8.35	2.9	20130N
SBRC735D	180	185	5	1.0	20130N
SBRC737D	66	70	4	5.7	20170N
SBRC812	16	20	4	2.8	18370N
SBRC815	22	33	11	14.7	18450N
SBRC830D	239	247	8	6.3	20510N
SBRC831D	155	159.3	4.3	4.7	20330N
SBRC831D	161.7	173	11.3	1.3	20330N
SBRC831D	186	190	4	2.2	20330N
SBRC836	48	57	9	3.4	21450N
SBRC837	58	68	10	1.4	21490N

The east flat zone was intersected outside of the current pit limit in SBRC830D on section 20510. The intercept of 8 metres grading 6.3g/t from 239 metres downhole (hole is drilled vertical) lies some 130 metres beyond the current pit limit.

The main flat zone was extended 200 metres to the west on section 20130 in holes SBRC733D, 734D and 735D and on section 20490 in hole SBRC668D.

The deeper mineralised zone was intersected in holes SBRC199D (20190N), 200D (20250N), 236D and 237D (20490N) (all re-entry holes) with the most significant intersections being:

**9 metres grading 5.4g/t from 383 metres, and  
6.14 metres grading 6.2g/t from 327.59 metres**

### Regional Exploration

In addition to its granted Sabodala Mining Concession, MDL, through its 100% subsidiary SMC, has three further gold exploration projects in close proximity.

Massakounda and Dembola Berola are the subject of 80% joint ventures and, at Bransan, SMC is earning a 70% interest. All three properties are within 10-40 kilometres of the Sabodala mine lease.

### Promising Anomalous First-up Drill Results at Bransan

As part of the company's regional gold exploration programme, drilling commenced on the Bransan Exploration Permit which covers an area of some of 353 square kilometres. The targeted drill programme is positioned approximately 10 kilometres north of the planned Sabodala treatment plant.

The initial geochemical drill results for the first six lines from the wide-spaced drilling (200 metre step-outs) demonstrated the presence of a near-surface and wide zone of gold mineralisation.

### Geochemical Drilling Confirms Gold Mineralisation in Quartz Diorite Stockwork

Results are available for the first six lines of geochemical drilling from the Goumbou Gamba prospect at Bransan (see Table 2). On each line, drill holes are planned at 40 metre intervals and directed grid west at -60°. The lines are spaced approximately 200 metres apart in a north direction. Anomalous gold values were returned from each line from within the stockwork and altered quartz diorite body.

Line 1 reported the most anomalous gold values. Line 1 covers the position of a mapped northwest structure where previous rock chip sampling returned values of 5.7g/t and 11.4g/t gold at surface. On Line 1, drill hole BSRB004 intersected 34 metres grading 0.4g/t gold from 8 metres and bottomed at 42 metres in mineralisation (0.6g/t). Better intervals within this hole include:

**15 metres grading 0.4g/t from 10 metres; and  
5 metres grading 0.4g/t from 37 metres.**

A second drill hole, BSRB113, drilled back towards BSRB004, intersected 53 metres grading 0.4g/t gold from 19 metres and bottomed in mineralisation, with 1.2g/t reported at 72 metres. Better intersections within this hole include 8 metres grading 0.6g/t from 19 metres and 13 metres grading 0.7g/t from 59 metres (all vertical holes).

**Table 2: Bransan RAB drilling best intercepts**

Line	Hole ID	From (m)	To (m)	Interval (m)	Gold (g/t)	Comment
1	BSRB004	8	42	34	0.4	Quartz diorite with stockwork of quartz
1	BSRB112	0	14	14	0.4	Quartz diorite with stockwork of quartz
1	BSRB113	19	72	53	0.4	Quartz diorite with stockwork of quartz – ends in mineralisation
2	BSRB011	0	30	30	0.3	Quartz diorite with stockwork of quartz intruding a foliated basalt
3	BSRB020	0	10	10	0.4	Quartz diorite/Basalt
3	BSRB021	23	29	6	0.5	Quartz diorite with stockwork of quartz
		52	61	9	0.3	Quartz diorite/Basalt
3	BSRB022	40	54	14	0.8	Basalt – ends in mineralisation
3	BSRB023	9	18	9	0.2	Basalt
3	BSRB114	0	14	14	0.3	Quartz diorite with stockwork of quartz
4	BSRB117	7	13	6	0.2	Quartz diorite with stockwork of quartz
5	BSRB118	18	23	5	0.2	Basalt
5	BSRB120	43	48	5	0.2	Quartz diorite – ends in mineralisation
6	BSRB048	44	48	4	0.3	Basalt – ends in mineralisation
6	BSRB049	42	50	8	0.2	Quartz diorite
6	BSRB055	49	53	4	0.2	Basalt

These anomalous gold values are mainly related to the oxide zone of a quartz diorite intrusive trending north-south with albite, sericite and silica alteration and disseminated sulphides over 1,200 metres for now (from Line 2 to Line 6). The zone is still open along strike and at depth and will be tested with more drilling.

The quartz diorite structure intruding foliated basalt is cross-cut locally by northwest structures identified on the field by the quartz veining and brecciated in places. These zones are particular targets with the possibility for the development of higher grade shoots.

A total of 8,568 metres of additional RAB drilling is planned:

- 6,174 metres in four lines on Goumbou Gamba prospect;
- 1,470 metres in two lines on Diadiako prospect, and
- 924 metres in one line on the Bransan prospect.



## CORPORATE

### Cdn\$50 million (A\$56 Million) Placement

On 13 December 2007, MDL successfully completed a Cdn\$50 million (A\$56 million) share placement involving the issue of 45.5 million shares at an issue price of Cdn1.10 per share (equivalent to A\$1.24 per share).

The syndicate of underwriters was co-led by CIBC World Markets Inc. and BMO Capital Markets, and included GMP Securities L.P., Cormark Securities Inc. and Toll Cross Securities Inc. The company has granted to the underwriters, subject to compliance with the Australian Corporations Act and the Australian Stock Exchange Listing Rules, an over-allotment option to purchase up to an additional 6,825,000 ordinary shares at Cdn\$1.10 (A\$1.24) per share exercisable for up to 30 days from 20 December 2007.

With the completion of the Offering and prior to the exercise of any of the over-allotment option, MDL will have 420,619,234 ordinary shares on issue.

The net proceeds of the Offering will be used to further the development of the Sabodala Gold Project and Grande Côte Zircon Project, as well as be applied to corporate overhead and general working capital expenses.

The final prospectus and technical report on the Company's properties is available at [www.sedar.com](http://www.sedar.com).

### TSX Listing Completed on 20 December 2007

On 20 December 2007, the ordinary shares of the company commenced trading on the TSX under the stock symbol "MDM".

MDL will remain quoted on the Australian Stock Exchange. All existing shareholders in Australia will be able to trade shares as they have done in the past.

### Senior Executive Appointment – Mineral Sands Division

On 1 November 2007, the board of MDL announced the appointment of Mr Clever Fonseca to the position of President and CEO of MDL (Mining) Limited ("MDLM"). MDLM is the wholly-owned subsidiary responsible for the development and operation of the Grande Côte Zircon Project in Senegal, west Africa. Clever will assume responsibility for the management of the project's construction and ongoing operation. He will reside in Toronto, Canada where the company will open an office in the near future.

Clever's educational background comprises a Bachelor's degree in mining engineering and an MBA in finance. He has more than 25 years of successful leadership and extensive experience in the areas of business development, mining, global supply chain management, project management and international market development. Between 1998 and 2006 he was a senior executive of one of the largest titanium dioxide producers in the world.

During the last 18 years, Clever has been directly involved with the heavy mineral business, being responsible for the purchase of a wide variety and quantity of feedstock as well as management of a heavy mineral mining operation and its sales. He was, in recent years, a member of the Board of Directors of Millennium Chemicals do Brazil and managed the successful implementation of a heavy mineral dredge mining operation in the northeast of Brazil similar in nature to the company's Grande Côte Project. He has a deep understanding of the TiO<sub>2</sub> and zircon industries and extensive knowledge of global feedstock producers and consumers. He also has excellent leadership experience, having managed a team of more than 800 people around the world.



Clever has taken up his appointment and is now engaged in the day-to-day management of MDL's Senegal operations.

### **Results of Annual General Meeting**

All resolutions tabled were overwhelmingly approved by shareholders at the 13th annual general meeting of the company held in Melbourne on Thursday, 29 November 2007.

### **Cash and Debt Position**

At the end of the quarter, cash at bank was A\$64 million. MDL has no debt other than minor leases and creditors.

*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.*

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