



## ASX/TSX RELEASE

ASX CODE: MDL  
TSX CODE: MDM

## QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2008

### HIGHLIGHTS

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

#### ☐ Sabodala Gold Project Construction 55% Complete

- Construction is now 55% complete and project start-up of the open pit operation remains on schedule to commission the 2mtpa treatment plant and first gold pour in the December 2008 quarter.
- Work in the period focused on construction of the power station, CIL tank erection and village facilities.
- Pit development is in progress with more than one million tonnes of waste stripped in 2008 prior to sustained ore mining in the September quarter.

#### ☐ Sabodala Drilling Progress

- Pre-production drilling on the Sabodala deposit closed drill spacing in planned upper parts of Phase 1 mining to 20 metre x 20 metre with increasing confidence. Numerous significant intercepts were encountered, including (all holes inclined at 60 degrees):
  - 14 metres grading 11.8g/t from 31 metres
  - 22 metres grading 7.1g/t from 28 metres
  - 5 metres grading 15.7g/t from 53 metres, and
  - 14 metres grading 5.8g/t from 41 metres.
- Drilling results continued to extend the limits of Sabodala mineralisation, particularly to the south of the pit.
- Potential for a further 265,000 ounces adjacent to the pit has been identified which will likely lend itself to access by in-wall ramps.

#### ☐ Regional Exploration

A new joint venture, Makana, was approved by the Government of the Republic of Senegal ("GRS") during the quarter.

#### ☐ Grande Côte Zircon Project

- Detailed mine planning underway following receipt of topographic surface data.
- Ilmenite project metallurgical testwork indicates significantly enhanced ilmenite and zircon recoveries.

#### ☐ Corporate

- The company negotiated a debt financing package with leading Australian mining finance institutions to provide total facilities of US\$130 million.
- Mr Clever Fonseca appointed to the MDL Board as an Executive Director.
- Cash at end of quarter, A\$10.1 million.



## **SABODALA GOLD PROJECT**

**90% through operating company Sabodala Gold Operations SA**

**10% Government of the Republic of Senegal**

### **Background**

The Sabodala Gold project is located in Senegal, some 650 kilometres east of the capital Dakar within the Birimian belt and about 90 kilometres from major gold discoveries in Mali. The Sabodala and Niakafiri deposits lie within a granted 20.3 square kilometre mining concession.

The Prospectus lodged in Canada for the company's listing on the Toronto Stock Exchange ("TSX") in December 2007 contained the following highlights:

- Mineable gold reserve of 1.406 million ounces
- Global gold resource estimate of 2.74 million ounces
- Mill capacity of two million tonnes per year
- Mine life of 10 years
- Strip ratio of 5.2 (waste) to 1.0 (ore)
- Average mine life gold grade of 2.39 grammes per tonne
- Average mine life cash operating costs of US\$31.18 per tonne
- Average mine life cash operating costs of US\$441 per ounce

A gold price of US\$600 per ounce was used to calculate reserves.

### **New Operating Company Established**

With all approvals received, MDL and GRS established an operating company (Sabodala Gold Operations SA) to complete the project and then mine the deposit under the terms of the granted mining concession. MDL has a 90% holding and GRS a 10% free-carried interest in the new company, which was registered on 2 February 2008.

### **Construction 55% Complete**

The construction at the Sabodala mine site is 55% complete to end of April and remains on schedule for commissioning during the December 2008 quarter. The cost to completion is approximately US\$90 million including US\$12.2 million contingency provision.

The construction team moved into the in-plant offices in March, and in the site village a number of key milestones were achieved with the completion of the North Village kitchen, diner, recreation and 3 H-block accommodation quarters. The water treatment and waste water treatment plant were commissioned and are now operational.

The 25MW heavy fuel oil power station works are well advanced with practical completion due in August 2008. In the process plant, the crusher suspended slab and ball mill bases were poured, both significant achievements. The ball and SAG mills are now on site.

The CIL tank erection progress has run well with the majority of work being associated with stake erection for the first seven tanks. The focus has since shifted to the tank welding. Late in the period, the remaining two tanks of materials were delivered to site. Erection of these tanks and pre-assembly of the top of tank steel is expected to commence during April.

In preparation for owner mining, BCM is presently under contract to mine waste from the Sabodala pit and prepare working benches for MDL's newly purchased Komatsu mining fleet. To date this year, more than one million tonnes of waste was added to the base of the ROM pad (Attachment 1). Ore mining is on schedule to begin in June with the target of 500,000 ore tonnes placed on the pad prior to mill start-up later this year.



### Sabodala Drilling Update

During the period, drilling continued on exploration/resource definition in the environs of the Sabodala gold project. MDL expects to spend some US\$5 million on drilling on the project in 2008.

### Underground Reserves Potential

It is estimated that the area beyond the present open pit design (vertical depth of 230 metres) contains 1.7 million tonnes of undiluted Measured and Indicated resources averaging 4.7g/t gold above a 3.0g/t cut-off grade.

#### Diluted Resource Report

Class	Cut-off (g/t gold)	Tonnage	Avg Grade (g/t gold)	Ounces
Measured	3.0	710,419	4.6	104,792
Indicated	3.0	666,494	4.4	95,206
<b>M+I</b>	<b>3.0</b>	<b>1,376,913</b>	<b>4.5</b>	<b>199,998</b>
Inferred	3.0	365,313	5.2	61,591

#### Undiluted Resource Report

Class	Cut-off (g/t gold)	Tonnage	Avg Grade (g/t gold)	Ounces
Measured	3.0	603,963	4.9	95,206
Indicated	3.0	1,137,150	4.6	169,786
<b>M+I</b>	<b>3.0</b>	<b>1,741,113</b>	<b>4.7</b>	<b>264,991</b>
Inferred	3.0	539,250	4.8	82,577

Diluted blocks are 10m x 10m x 5m in size. Resource figures do not reflect additional drilling results received after 1 September 2007.

Collectively, the potential underground zones are estimated to contain about 265,000 ounces of gold. Most of this resource is immediately adjacent to the open pit in a sphere of some 0-200 metres from the pit perimeter, and most zones are still open for drilling. It is anticipated that this mineralisation will be accessed by "in-wall ramps".

The structurally controlled mineralisation at the Sabodala deposit remains open at depth towards the northwest, down-dip to the west and southeast, and towards the east in the flat structure. The significant gold intercepts returned from the step-out drilling (Attachment 2) continue to demonstrate the potential to extend the Sabodala resource and mineable reserves:

Underground Drill Results - Recent Significant Intercepts							
DHID	From (m)	To (m)	Interval (m)	True Width (m)	Grade (g/t gold)	Section	Target
SBRC895D and	299.15 391	308 402.6	8.85 11.6	3 9.3	2.9 3.5	20810	Main Flat
SBRC746D and and and	329 359 447 459	337 367 452 464	8 8 5 5	4 6.4 4 4	6.0 3.9 3.2 4.5	20730	NWS Main Flat
SBRC830D	239	247	8	6.4	6.3	20510	East Flat
SBRC236D	383	392	9	7.8	5.4	20490	Steep Fg
SBRC831D	155	159.3	4.3	2.2	4.7	20330	
SBRC077D	100	114	14	11.2	4.3	20290	East Flat
SBRC200D	246	253	7	6.1	5.5	20250	Steep Fg
SBRC635D	229	232.4	3.4	2.7	14.6	20250	Main Flat
SBRC199D	204	208.8	4.8	4.2	14.7	20210	Steep Fg
SBRC495D	126.3	131	4.7	3.8	4.2	20170	East Flat
SBRC737D	66	70	4	4	5.7	20170	



Recent step-out drilling programmes targeted the Main Flat Zone to the west of the ultimate open pit design, the Lower Flat Zone also to the west at depth, the Northwest Shear and the Main Flat Zone to the north and northwest and the steep Quartz-Feldspar Porphyry (Fg) related mineralisation at depth below 300 metres (Attachment 3). All of these targets may be amenable to future underground mining. The potential for extending the underground mineralisation - the East Flat Zone - was demonstrated by the new intersection outside of the current pit limit in SBRC830D on section 20510. This intercept was 8.0 metres (estimated true width of 6.4 metres) grading 6.3g/t from 239 metres downhole (hole is drilled vertical) and lies some 130 metres beyond the current pit limit.

Assays are continuing to be undertaken by independent SGS Laboratory in Kayes, Mali.

### **Pre-production Drilling**

A 46-hole, 2,570 metre pre-production RC drilling programme, with drill spacing closed to 20 metres by 20 metres, designed to test the resource model in the upper benches of mining Phase 1 has been completed (Attachment 4). Results confirm the resource model grades and tonnages with additional mineralisation identified in several holes adding confidence to a successful planned start-up of the Sabodala open pit mine (Attachment 5).

Further work planned at Sabodala this year includes:

- a scoping study to be commissioned later in 2008 to define suitable underground mining methods, cost structures and cut-off grades for the deeper mineralised zones presently being defined; and
- revision to the current project resources and reserves planned for mid-year 2008.

### **REGIONAL EXPLORATION**

In addition to its granted Sabodala mining concession, MDL, through its 100% subsidiary Sabodala Mining Company SARL ("SMC"), has four gold projects covering over 1,000 square kilometres. These comprise the company's regional gold exploration programme. Massakounda, Dembola Berola and Makana are the subject of 80% joint ventures and, at Bransan; SMC is earning a 70% interest. All four properties are within 10-40 kilometres of the Sabodala mine lease.

#### **Makana Joint Venture**

The Makana project is a new joint venture agreement signed during the quarter. The project area of 125 square kilometres lies approximately 15 kilometres southwest of the Sabodala mining concession and covers a five kilometre strike length of the structural trend which hosts the Sabodala gold deposit. The exploration permit, subject to a Mining Convention entered into between New African Petroleum Company SARL ("NAFPEC") and the GRS dated 26 November 2004, was renewed for a period of three years on 26 November 2007. State approval of the joint venture was granted on 1 February 2008.

The key terms of the agreement are:

- SMC to make a cash payment of US\$20,000 to NAFPEC for data;
- SMC is required to spend US\$1.3 million on the project within three years; and
- SMC is the manager of the joint venture.

Exploration of this target area, which lies under a cover of relatively thin (5-10 m) ferricrete, will involve geochemical drilling equivalent to RAB drilling and is planned for the upcoming 2008 field season.



**Drill Results at Bransan**

Drilling continued on the Bransan Exploration Permit which covers an area of some of 353 square kilometres. To date, the RAB drilling statistics stands at 304 holes for 12,725 metres on 16 lines, as detailed below by prospect:

Prospect	RAB Metreage	No. Holes	No. Lines
Goumbou Gamba	10,517	249	13
Diadiako	1,340	33	2
Bransan	868	22	1
<b>Total</b>	<b>12,725</b>	<b>304</b>	<b>16</b>

Significant intercept results received during the quarter include:

Line	Hole ID	From (m)	To (m)	Interval (m)	Grade (g/t gold)	Lithology
12	BSRB184	24	43	19	1.01	Moderate albitised quartz diorite or tonalite
		25	28	3	4.45	
12	BSRB185	0	13	13	1.26	Moderate albitised quartz diorite or tonalite

The above results are all located on the southern, laterite and soil-covered extension of the Goumba-Gamba prospect and coincide with a zone where this trend is intersected by NW trending structures.

A program of 22 RC holes is planned to test at depth some of the wide-low grade intercepts on the main area of the Goumba Gamba prospect.

Elsewhere on the Bransan Project, one line of first pass RAB drilling has been completed at the Bransan Prospect while in the Diadiako area, two lines of RAB drilling were completed. Results for these holes are pending.

**Dembala Berola Project**

Exploration commenced on this project with a total of seven trenches for a total of 290 metres completed at the Goundamehko and Seven Hills prospects. All trenches have been sampled on one metre intervals. A total of 290 samples has been collected and sent to the laboratory for gold analysis.

**GRANDE CÔTE ZIRCON PROJECT**

**90% through operating company Grande Côte Operations SA**  
**10% Government of the Republic of Senegal**

**Background**

The Grande Côte Zircon Project ("GCZP") is located some 100 kilometres north of the capital city Dakar, which has an excellent deep water port. The project lies within a granted 446 square kilometre mining concession (100 kilometres by 4.5 kilometres).

Work during the quarter included infill drilling as required in some locations, completion of the photogrammetric and topographic work to provide a detailed surface for mining planning and detailed mine planning work. In addition, much attention is being focused on the ilmenite proportion of the project.



## **New Operating Company Established**

Following completion of the permitting and grant of the mining concession, MDL and the GRS established an operating company (Grande Côte Operations SA) to complete the project and then mine the deposit under the terms of the granted mining concession. MDL has a 90% holding and GRS a 10% free-carried interest in the new company, which was registered on 31 January 2008.

## **Mine Planning**

As part of the required work for the final mine plan, aerial photography was acquired over the site and processed to give a highly detailed and accurate topographic surface. This work has been completed and is now being used in the detailed computer modelling and optimisation process to finalise the detailed mine plan. This work is expected to be finalised late this year.

## **Ilmenite Project**

Volumes of ilmenite in excess of 700,000tpa will be extracted along with the zircon as part of the dredging operation.

It has become apparent that a very substantial opportunity has arisen to market this ilmenite and dramatically increase project returns. Previous metallurgical testwork has focused on optimisation of the zircon recoveries. New testwork has been undertaken during the quarter to reoptimise the recoveries for zircon and ilmenite.

Two bulk samples (both obtained by shaft sinking in the Diogo mine plan area) are being processed at Downer EDI Mining – Mineral Technologies Pty Ltd laboratories at Carrara, Queensland to confirm previous testwork, trial improved spiral equipment and produce bulk zircon and ilmenite concentrates for further customer appraisal.

Preliminary results to date on the improved spiral equipment have been encouraging and have indicated enhanced mineral recovery, demonstrating an overall recovery in the order of 10% higher than previous work. It is anticipated that this programme will be completed in the coming quarter.

## **Long Lead Item Delivery**

The fabrication of the mine dredge pump has been completed and will be stored in Scotland prior to delivery to the Grande Côte site in early 2009.

## **Other Work**

Hydrological and infill drilling and pump testing of the Grande Côte aquifers continued throughout the period, including:

- RC and hand auger drilling continued in the Mboro area with 199 RC holes for 3,927 metres and 240 auger holes for 2,209 metres. To the end of March, project drilling totals completed are 4,856 RC holes for 93,339 metres and 4,498 auger holes for 44,562 metres.
- Hydrological drilling on the second bore hole (DW3) completed to 268 metres to date in stable ground conditions.
- The company-owned Tivouane preparation/sampling laboratory processed 6,072 samples using Lithium Sodium Tungstate and 8,009 samples were prepared for analysis.



## CORPORATE

### Sabodala US\$130 million Bank Debt Package Negotiated

During the quarter, the company negotiated a debt financing package with leading Australian mining finance institutions to provide total facilities of US\$130 million. The package is in the form of a Senior Project Finance Facility (US\$70 million being underwritten by Macquarie Bank Limited) and a Revolving Working Capital Line (US\$35 million provided by RMB Australia Holdings Limited and Macquarie Bank Limited.) for completion of the construction and development phases of the above project and an asset based finance lease for the site mining fleet being delivered (US\$25.2 million to be provided by Societe Generale CIB). The project finance facilities and asset based debt will have a tenor of between three and four years.

The drawdown of the Revolving Working Capital facility commenced during April 2008.

### MDL Board Appointment

On 2 April 2008, the board announced the appointment of Mr Clever Fonseca to the position of Executive Director. He brings a deep understanding of the TiO<sub>2</sub> and zircon industries and extensive knowledge of global feedstock producers and consumers. Mr Fonseca is currently the President and CEO of MDL (Mining) Limited ("MDLM"). MDLM is the subsidiary responsible for the development and operation of the company's Grande Côte Zircon Project.

He will reside in Toronto, Canada where the company has recently opened an office following its successful listing on the TSX 20 December 2007. This appointment means that MDL will be represented in the Toronto market by two directors, one executive and one non-executive. The company expects the Toronto Office will continue to grow throughout the year with further appointments in train.

### TSX Market Opening

During the quarter, the company's Listing Ceremony was held at which Nic Limb, the Executive Chairman, opened the TSX Market on 14 April 2008. Other directors and guests were on-hand to participate in the occasion.

### Cash and Debt Position

At the end of the quarter, cash at bank was A\$10.1 million. As at the end of the quarter, none of the debt facilities had been drawn and the company was debt free.

*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.*

For further details please contact:

Jeff Williams

Tel: (03) 9909 7633

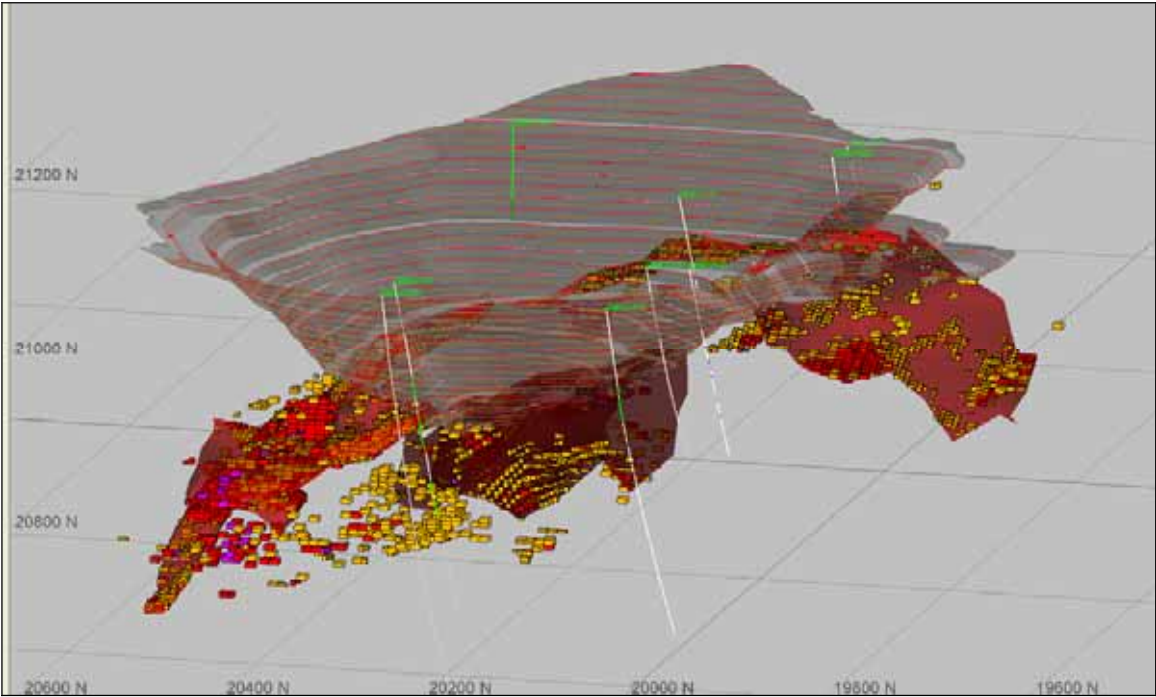
E-mail: [jeff.williams@mineraldeposits.com.au](mailto:jeff.williams@mineraldeposits.com.au)

or visit our Website at: [www.mineraldeposits.com.au](http://www.mineraldeposits.com.au)

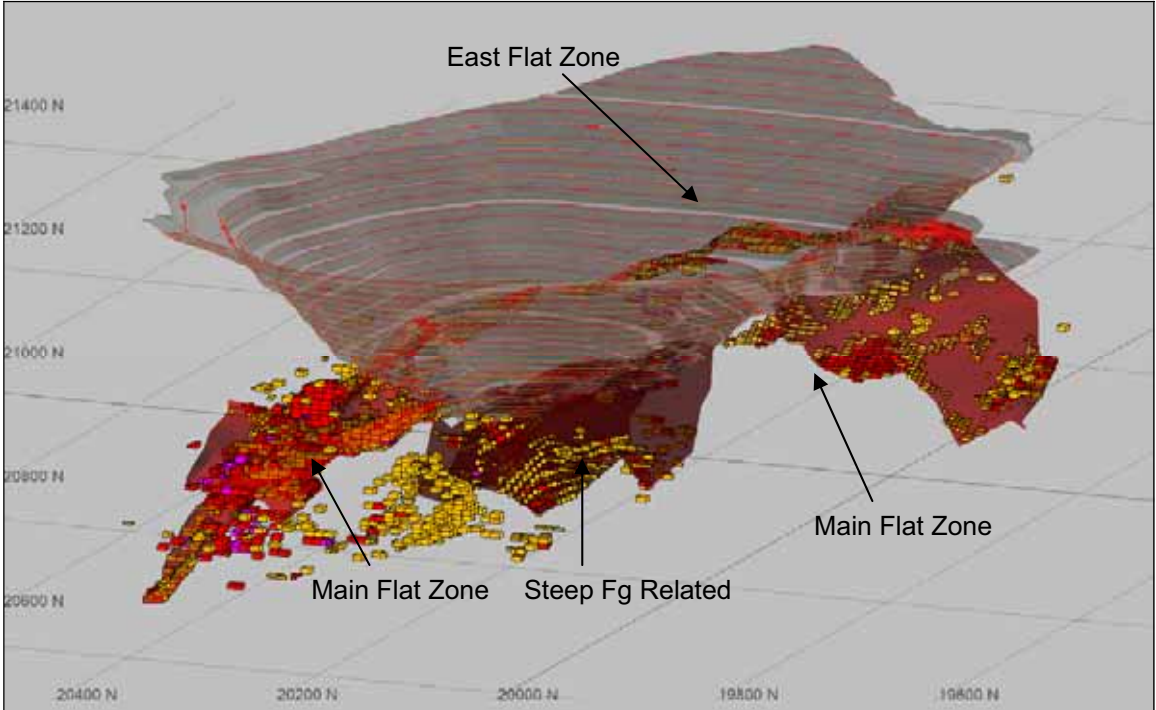
**ATTACHMENT 1 – Waste being stripped from the Sabodala pit to ready the ROM for ore storage in Q3**



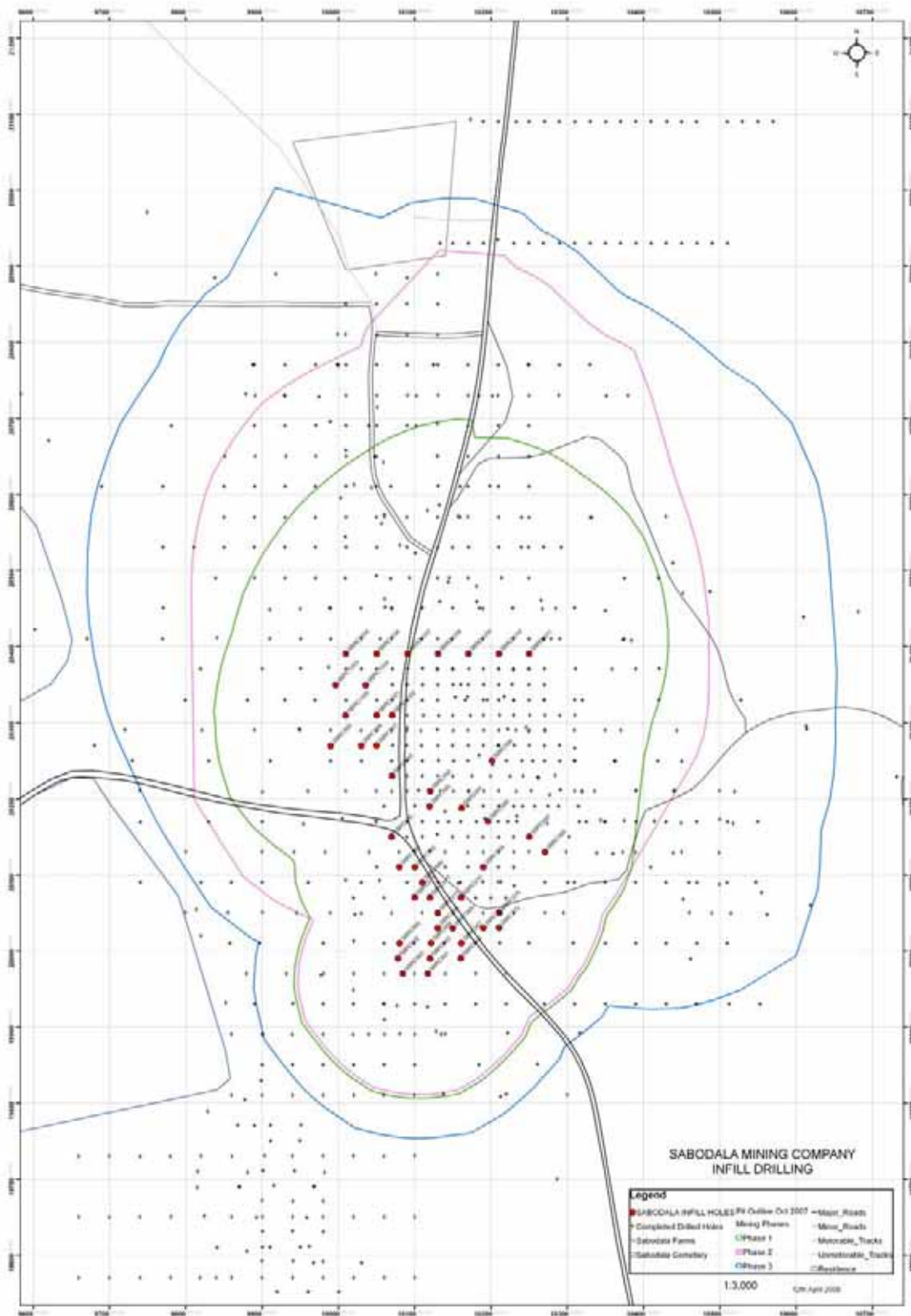
**ATTACHMENT 2: Recent Significant Intercepts**



**ATTACHMENT 3: Mineralised Zones Outside of the Pit**



# ATTACHMENT 4 – Production Drillhole Collar Locations



## ATTACHMENT 5 – Pre-production Drilling Intercepts

Drill Hole	Section	Easting	Dip	Azimuth	Depth (m)	From (m)	To (m)	Interval (m)	Assay (g/t Au)
SBRC961	19970	10117	-60	90	39	21	23	2	7.7
SBRC962 and	19990	10078	-60	90	45	13 31	18 35	5 4	7.0 4.9
SBRC968	20030	10130	-60	90	39	7	12	5	1.4
SBRC979	20070	10160	-60	90	33	27	32	5	1.0
SBRC984	20110	10190	-60	90	35	0	9	9	2.0
SBRC987	20150	10250	-60	90	45	0	4	4	7.6
SBRC989 and	20170	10195	-60	90	51	21 47	38 51	17 4	3.1 4.1
SBRC990 and and and	20190	10120	-60	90	65	0 15 30 62	10 24 52 65	10 9 22 3	1.5 3.2 3.9 7.9
SBRC991 and	20190	10156	-60	90	65	39 57	54 62	15 5	2.2 1.9
SBRC992 and and	20210	10120	-60	90	63	16 28 53	20 50 58	4 22 5	2.4 7.1 15.7
SBRC994 and	20250	10202	-77	90	63	20 41	25 55	5 14	4.2 5.8
SBRC1002 and and	20310	10070	-60	90	85	17 40 65	27 61 77	10 21 12	1.5 3.7 2.9
SBRC1005	20390	10010	-60	90	93	47	56	9	1.1
SBRC1007	20390	10090	-60	90	63	36	61	25	4.0
SBRC1011 and and	20390	10250	-60	90	63	23 31 49	28 45 56	5 14 7	2.5 11.8 5.6

- Significant results are defined as minimum 4 metres in length, including no more than 2 metres continuous internal dilution (less than 1g/t). Intercepts less than 4 metres do not include dilution.
- True widths of the intercepts are unknown.