

## DECEMBER QUARTER HIGHLIGHTS



### KEY POINTS

- ▶ **Sabodala gold production of 162,529 ozs from commencement in March 2009 to December 2009 – exceeding guidance of 160,000 ozs**
- ▶ **Sabodala gross cash costs averaged US\$413/oz (excl. royalties) over the three full quarters since commencement – bettering guidance of US\$420-440/oz**
- ▶ **Record mining and milling volumes for the December quarter – with the mill operating 20% above nameplate capacity of 2.0 Mtpa**
- ▶ **Planned expansion of the Sabodala gold plant announced to double nameplate capacity to 4.0 Mtpa**
- ▶ **Exploration programs on both the mine lease and highly prospective regional land package of 1,600km<sup>2</sup> now well underway**

### OVERVIEW

#### Sabodala Gold Operation

- Gold production for the December quarter was 45,792 ounces, giving 100,052 ounces for the first half of FY2010. The expected fall in output relative to the September quarter of 54,260 ounces was primarily due to the anticipated normalisation in head grade to 2.63 g/t from 3.66 g/t
- Total tonnes mined for the quarter was a record 4.2M tonnes – comprising 820K tonnes of ore and 3,420K tonnes of waste
- Mill throughput for the quarter was also a record 600k tonnes – an annualised rate of 2.4 Mtpa (well above name plate capacity of 2.0 Mtpa)
- Gross cash operating costs (excluding royalties) were higher at US\$532/oz, partly a function of higher costs (due to increased volumes) on a lower level of production, but also due to increased inventories and higher processing and general and administration costs
- Expected gold production for each of the next two quarters is 35,000 to 40,000 ounces per quarter, therefore production guidance for FY2010 is 170,000 to 180,000 ounces
- Exploration programs on the mine lease and regional land package are being ramped up with a budget of more than US\$14M for CY2010

#### Grande Côte Mineral Sands Project

- Work on the Definitive Feasibility Study (“DFS”) for the project continued, which included financial modelling, updating the estimated capital cost, hydrological modelling, extension of the geological block model following additional drilling, further mine path design and circuit model test work
- Drilling continues to underpin additional years of the initial mine path – with a target of 15 years

#### Issued Capital

	Dec'09
Issued shares	573,625,950
Unlisted options	35,350,000

#### Unlisted Options – Exercise Profile

Exercise Price (A\$)	Options (m)
\$0.69 - \$0.85	5.750
\$1.40	20.000
\$1.60	9.350
\$2.00	0.250
<b>VWAP = \$1.35</b>	<b>35.350</b>

#### Finance

	Dec'09
Cash and cash equivalents	US\$25m
Project Finance Facility drawn	US\$21.0m
Mining Fleet Lease principal	US\$12.7m
Hedge facility (at US\$846/oz)	300,000 ozs

### CORPORATE / FINANCE

- Repaid US\$9 million of the Project Finance Facility – leaving US\$21 million balance (which is intended to be paid out by 30 June 2010)
- Delivered 28,500 ounces into gold hedges – leaving 300,000 ounces outstanding (at US\$846/oz) at period end

## SABODALA GOLD OPERATION

### Production Statistics

		Dec 2009 Quarter	Sep 2009 Quarter	Jun 2009 Quarter
Ore mined	('000t)	820	807	854
Waste mined	('000t)	3,420	2,485	1,992
Total mined	('000t)	4,240	3,292	2,846
Strip ratio	waste/ore	4.2	3.1	2.3
Ore processed	('000t)	600	499	575
Head grade	(g/t)	2.63	3.66	3.27
Gold recovery	(%)	90.6	92.2	93.8
Gold produced <sup>(1)</sup>	(oz)	45,792	54,260	58,943
Gross cash costs (excl. royalties)	US\$/oz	532	382	350
Gross cash costs (incl. royalties)	US\$/oz	564	412	373
Net cash costs (after inventory adjustments, excluding royalties)	US\$/oz	515	393	394
Gold sold	(oz)	44,413 <sup>(2)</sup>	57,443	52,325
Average price received	US\$/oz	946	890	878

Notes:

(1) Gold produced is gold poured and does not include gold-in-circuit at period end

(2) Excludes 5,665 ounces shipped before period end but not converted to cash

### Performance Overview

Sabodala's December quarter production was 45,792 ounces, compared with 54,260 ounces in the September quarter, giving 100,052 ounces for the first half of FY2010. The expected fall in output in the December quarter relative to the September quarter was primarily a reflection of the anticipated decline in head grade from 3.66 g/t in the September quarter to 2.63 g/t in the December quarter.

Total tonnes mined for the quarter was a record 4.2M tonnes, comprising 820K tonnes of ore and 3,420K tonnes of waste. Low broken stocks continue to be an issue due to inadequate availability of the drill fleet, although this did not affect overall production due to the availability of free dig material in Phase 2 of the mine plan. To alleviate the problem of limited broken stocks, a second contract drill rig was engaged during the quarter, increasing the number of drills in the pit to five.

Mill throughput for the quarter was also a record 600,096 tonnes, equating to 2.4 Mtpa, well above nominal nameplate capacity of 2.0 Mtpa. The quarter included throughput of approximately 213,000 tonnes in each of November and December (the first time 200,000 tonnes has been exceeded in a month). Throughput was lower in October as a result of an unscheduled SAG mill shutdown and an extended ball mill shut down. Recoveries were slightly lower at 90.6% compared to the previous two quarters, primarily a result of more fresh rock and less oxide ore in the mill feed and less residence time in the CIL tanks with the higher throughput. Throughput was approximately 80% fresh rock and 20% oxide ore during the quarter.

Gross cash operating costs for the quarter were higher at US\$532/oz excluding royalties, compared to US\$382/oz in the September quarter. The increase was a result of increased mining and mill volumes (and hence increased costs) against lower gold production, an increase in inventories (particularly gold-in-circuit), as well as higher mining costs through increased contract drilling, higher processing costs from increased power usage and higher camp costs generally.

Gross cash costs excluding royalties averaged US\$413/oz over the three full quarters since production commencement in March 2009, bettering guidance of US\$420-440/oz.

### Outlook

Expected production for each of the next two quarters is in the range 35,000 to 40,000 ounces per quarter, which would result in gold output of 170,000 to 180,000 ounces for the financial year to 30 June 2010.

### Expansion

Planning is now underway to expand 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 (which includes a

## SABODALA GOLD OPERATION

new gyratory primary crusher and a second ball mill) and US\$20m for additional mining equipment (including 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 fifteen 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.

### Exploration

Exploration around Sabodala on both the Mining Concession and regional land package of approximately 1,600km<sup>2</sup> (comprising seven Exploration Permits in various joint ventures) is being significantly ramped up.

Eleven targets have been prioritised on the Mining Concession. 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.

Regionally, with much of the area covered by shallow laterite, basic exploration work over the last few years has generated a large number of targets displaying encouraging geochemical responses. A major RAB drilling program commenced in late 2009 to systematically drill the targets by testing the underlying bedrock to shallow depths, with some trenching also being undertaken. The RAB program will continue throughout calendar 2010 and beyond with at least two rigs in operation at all times. Encouraging results have been received on a number of projects from the approximate 20,000 metres of RAB drilling undertaken to date and shortly RC drilling will 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.

## CORPORATE INFORMATION

### Corporate Directory

#### Directors

**Nic Limb**, Executive Chairman  
**Jeff Williams**, Managing Director  
**Martin Ackland**, Executive Director  
**Clever Fonseca**, Executive Director  
**Robert Danchin**, Deputy Chairman, Non-Executive Director  
**David Isles**, Non-Executive Director  
**Oliver Lennox-King**, Non-Executive Director  
**Murray Grant**, Non-Executive Director

#### Senior Management

**Rick Sharp**, Chief Financial Officer  
**Melvyn Drummond**, Company Secretary

#### Registered Office

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#### Toronto Office

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#### Senegal Office

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#### Auditor

Deloitte Touche Tohmatsu

#### Share Registries

Australia: Computershare Investor Services Pty Ltd  
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Canada: Computershare Trust Company of Canada  
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#### Stock Exchange Listings

Australian Securities Exchange, ASX code: **MDL**  
Toronto Stock Exchange, TSX code: **MDM**

#### Share Capital

Ordinary Shares = 573,625,950  
Unlisted options = 35,350,000

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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 report, 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, zircon, ilmenite 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 report should be construed as either an offer to sell or a solicitation to buy or sell MDL securities.

### Competent Persons Statement

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" 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 report.