MDL Mineral Sands Group

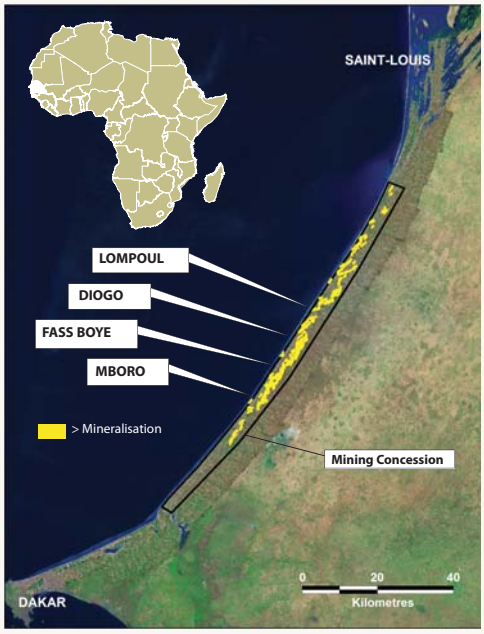
GRANDE CÔTE OPERATIONS SA

GRANDE CÔTE MINERAL SANDS PROJECT OVERVIEW

The Grande Côte Mineral Sands Project in Senegal is located on a coastal dunal system commencing some 50 kilometres north-east of the capital city of Dakar and extending northwards for more than 100 kilometres along the Senegalese coast. Four main heavy mineral deposits are known, i.e. Mboro, Fass Boye, Diogo and Lompoul, as indicated below. They cover a strike length of more than 50 kilometres of nearly continuous mineral sands mineralisation. There is scope to increase the size of the resource. The mineralised dune system averages about 2 kilometres extending up to 4.5 kilometres in width.

The Inferred mineral resource estimate for the four deposits is 1,330 million tonnes of sand at 2% heavy mineral at a cut-off grade of 1.5% heavy mineral.

Official approval has been received from the Government of the Republic of Senegal by way of a Presidential Decree which granted a 25 year Mining Concession covering an area of 445.7 square kilometres (106 kilometres long with an average width of 4.5 kilometres). The Government has a 10% free carried interest in Grande Côte Operations SA, the operating company established to mine the deposits.

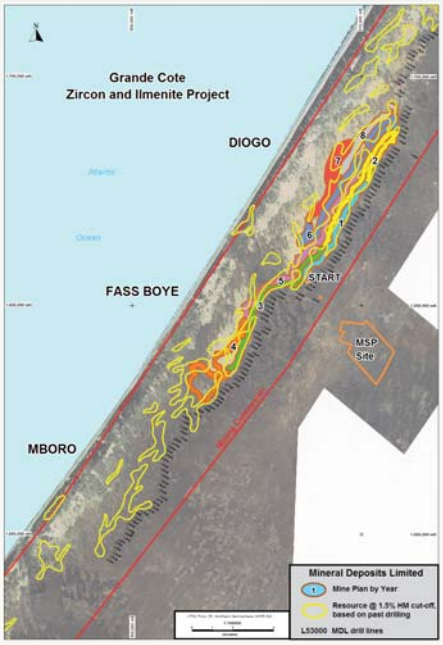


Development studies have confirmed that the project is optimised by dredging using a floating cutter suction dredge with mineralised sand being treated in a separate Floating Concentrator, followed by a land-based Mineral Separation Plant (MSP) comprising a Wet High Intensity Magnetic Separation Plant (WHIMS), a Zircon Plant and an Ilmenite Plant.

Work to date indicates a likely output of around 85,000 tonnes per annum (tpa) of zircon. The planned zircon output would represent around 7% of the total world production, which would make the Grande Côte a significant producer on a world scale.

The project is also set to produce around 600,000 tpa of Ilmenite, 8,000 tpa of rutile and 13,000 tpa of leucoxene.

A preliminary dredge path has been designed, commencing at Diogo and is shown diagramatically below. The numbers represent production on an annual basis to the end of the first eight years. This is expected to be revised to incorporate 3-4 years mining at Mboro when infill drilling and a Measured and Indicated resource estimate are completed.



The finished products will be transported to the Port of Dakar where they will be shipped from this deep water port to the close proximity markets of Europe and North America.

Overall, some 25 year mine life is estimated for the current resource areas, with additional mine life anticipated from resource extensions.

OPERATIONAL EXPERIENCE

The mining of the dunal sand systems along the coast of Senegal requires treatment and process technology that is very much in line with MDL's most recent experience with dredging at Fullerton, a beach dunal system located in New South Wales, Australia. The company has received major awards from government and industry bodies for sensitive mining and environmental rehabilitation.