



Mineral Deposits Limited

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28 October 2003

The Manager
Company Announcements Office
Australian Stock Exchange Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

SENEGAL MINERAL SANDS PROJECT

The company is pleased to announce that a Mining Research Convention to exploit a major heavy mineral sands deposit on the coast of Senegal, north of the country's capital Dakar, has been signed by Mineral Deposits Limited ("MDL") and approved by the Senegalese Ministers of Energy & Mines and Economy & Finance respectively. The company is now awaiting release of the Presidential Decree to give formal effect to the Convention to be signed by H E President Abdoulaye Nade and the country's Prime Minister.

The deposit concerned was extensively explored by DuPont Chemicals of the USA between 1990 and 1993. It spent a significant sum of money in this connection and reported a world-class heavy mineral resource of 723 million tonnes grading 2.66% heavy mineral using a 1.5% cut-off. The resource contains over 20 million tonnes of ilmenite, zircon and rutile. DuPont's exploration programme included over 7,000 drill holes and demonstrated that mineralisation extends over 50 kilometres. The near-surface deposit, containing minimal slimes, is in a sparsely vegetated dunal system commencing some 100 kilometres north of Dakar.

At this stage, MDL is focused on the high quality zircon product which would result from mining. Any future extractive operation would be well supported by good local infrastructure and one of Africa's major seaports at Dakar.

The company's current intention is to transfer its floating dredge/concentrator at Viney Creek in New South Wales to Senegal to facilitate exploitation of the deposit. At this time, the resulting heavy mineral concentrate is planned to be transported to its Hawks Nest dry mill to generate the final zircon and rutile products for export as has been the case with domestically sourced concentrate for decades.

The major advantages of the project include favourable local logistics, close proximity to major end-users in Europe and the United States thereby subsequently lowering freight and holding costs, low country risk and, most importantly, the full support of the Senegalese authorities.

The availability of the DuPont data, possession of rather than need to build major items of plant from scratch and the company's well-established track record in this field considerably reduce the timeframe which would normally be required to bring a project of this size and significance into actual production.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'N J Limb'.

N J Limb
Executive Chairman