Mineral Deposits Limited

ASX Release

13 May 2005

Placement to Raise $26.5 Million

Following extensive discussions in Australia and the United Kingdom, the board of directors is pleased to announce the provisional placement of securities to fund ongoing development of the company's gold (Sabodala) and zircon (Grande Côte) projects in Senegal.

Subject to shareholder approval, the company has placed a minimum of 50 million new ordinary shares at an issue price of $0.53 each. The proposed issue, arranged by Haywood Securities Inc., will raise $26.5 million (before costs to include an issue of broker options as part of the fee structure). The monies being raised are expected to be more than sufficient to finance the current estimated costs of developing both projects through bankable feasibility stage.

Haywoods has been granted an "over allotment option" exercisable for up to 30 days after the close of the placement to accommodate a possible market appetite for in excess of 50 million new shares at the time.

Participants in this placement include major local and UK-based institutional investors and funds managers clients of Haywoods. Two leading banks, which have expressed a firm interest in participating in any future funding needs of the two Senegalese projects, have also participated.

Shareholder approval of this fundraising initiative will be sought in a general meeting to be called shortly.

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