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FINANCE AND DEVELOPMENT UPDATE

- ***Hedge book substantially reduced by close outs – US\$60 million proceeds realised***
- ***Outstanding hedge book – 179,500 ounces at US\$861/oz***
- ***Finance Update – MDL remains well financed***
- ***Sabodala Project Development Update – Practical completion early January 2009***

Hedge Book Restructure

MDL is pleased to report that it has taken advantage of the recent volatility in the gold market to restructure the gold hedge book, which is held through its 90%-owned Senegalese subsidiary Sabodala Gold Operations SA. The exceptionally high volatilities evident in the gold option market meant that the company's put option position, in particular, presented a valuation that was extraordinary and gave it a unique opportunity to realise substantial value that, in more normal times, would not have been available.

The entire gold put option position of 227,000 ounces has been closed and a buy back of 280,500 ounces of flat forward sales has been completed to realise proceeds of US\$60 million.

The gold hedge book now consists of 179,500 ounces of flat forward gold sales at a price of US\$861/oz from commencement of production to August 2010. This represents greater than 50% of planned production during that period.

Finance Update

Construction of the Sabodala Gold Project is approximately 90% complete and MDL is adequately financed to bring the project to commercial production with low debt levels relative to the projected cash flows from production.

A comprehensive management review of the project status and outstanding costs has just been completed.

The company estimates the total remaining cost to reach commercial production at US\$35 million. This figure includes all capital expenditures on the plant and associated site works, all mine expenditure and other outstanding working capital items such as fuel and reagents.

The mine has been operating for some time and a large volume of ore (>500,000 tonnes) containing some 40,000 ounces is already stockpiled as planned for the commencement of production.

The proceeds from the hedge book restructure will be used to repay the Macquarie Bank Project Finance Facility, currently drawn to US\$50 million, down to US\$25 million. A further US\$20 million will be used in place of the loan funds that would otherwise have been drawn under this Facility to the original limit of US\$70 million. The balance of US\$15 million will be retained for working capital purposes.



MDL also advises that it has just drawn down US\$23.3 million under the mining fleet facility with Societe Generale. The underlying mining fleet of Komatsu trucks and face shovels and Pantera drill rigs were purchased by MDL earlier this year and have been at work in the pit for some months. These funds will be used for general corporate purposes and ongoing funding of Sabodala project expenditures as required.

Sabodala Project Update

The attached photographs show the latest progress on the project.

Mine

To date, approximately 2,100,000 tonnes of waste and in excess of 500,000 tonnes of ore have been mined and stockpiled at the crusher ready for plant start-up. Slightly in excess of 40,000 ounces of contained gold is now held within these stockpiles. MDL notes that a majority of the 500,000 tonnes of stockpiled ore is soft oxide ore, which is significantly above expectations and is expected to provide significant cost savings at the commencement of operations. It is also the case that estimated mine to stockpile reconciliation of tonnes is encouraging with tonnes 25% higher, meaning that the company has approximately 11% more gold in the stockpile than planned.

Water Supply

The wet season is now over and the site dams have in excess of three million tonnes of water within them which is adequate to support the first year of production and, with the next wet season some eight months away, MDL is confident that adequate water will be available from local collection. In any event, the pipeline to the Faleme River will be completed in the new year as an extra precaution against future poor wet seasons.

Site Village

The village is complete and accommodating in excess of 1,000 workers.

Power Station / Process Plant

Construction of the 30MW, heavy fuel oil power station is complete and commissioning has commenced. The power station is built to a high standard and MDL is pleased with its completion ahead of the process plant allowing for a solid ramp up and testing phase.

The process plant is in the final stages of construction with all major items in place and electrical wiring and piping being the main outstanding jobs in progress.

Some delays have been experienced with supply of the 120 kilometres of required electrical cable, which have now been resolved, however, this along with some steel supply issues has caused a minor delay to the process plant schedule.

Process plant commissioning will commence with the air and water systems on or about 15 December 2008. MDL anticipates the process plant will be mechanically complete on or about 10 January 2009, and the ramp up to commercial production rates to commence immediately thereafter. The company anticipates reaching full production levels in late February or March 2009.



MDL's Executive Chairman, Nic Limb, commented: "We are very pleased with the financial position of the company as we head towards commercial production at Sabodala. The ability to restructure our hedge book and dramatically reduce the company's gearing level was an opportunity too good to ignore". In addition, Mr Limb acknowledged the responsiveness of Macquarie Bank in facilitating MDL's ability to take advantage of the window of opportunity presented.

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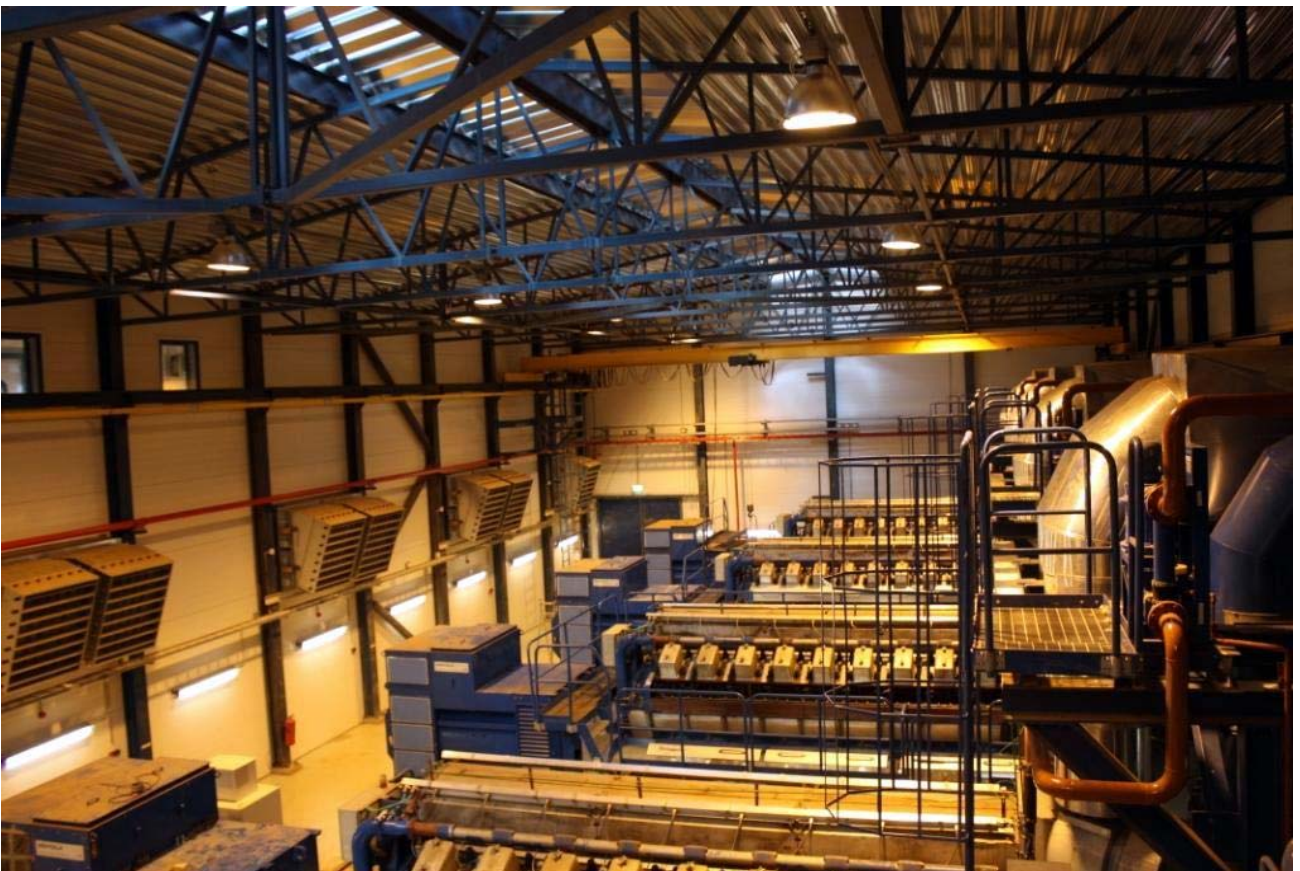
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Overview of scope of mining operation from Sabodala pit in foreground, ROM pad, mill and water dams in background



Power station construction completed



Power station undergoing commissioning



Close up of the main feed conveyor, CIL tanks and SAG and Ball mill



Grinding mills nearing completion



Sabodala accommodation village with main water storage dam in background



Mining fleet in operation at site