



**LAFAYETTE MINING LIMITED**

ABN 88 076 390 451

Suite 1, Level 5

189 Flinders Lane

Melbourne

Australia VIC 3000

Telephone: +61 (03) 9654 6044

Facsimile: +61 (03) 9654 6010

E-mail: [info@lafayettemining.com](mailto:info@lafayettemining.com)

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## **Lafayette secures favourable debt funding**

Lafayette Mining Limited today announced that it has been advised that its consortium banks have received credit approval for the Rapu Rapu Project funding, allowing it to move into full engineering construction with a target completion date for first gold pour this year.

Lafayette's Managing Director, Andrew McIlwain, said today that he was delighted to announce that N M Rothschild & Sons (Australia) Limited (Rothschild) has been joined by ANZ Investment Bank (ANZ) and ABN AMRO Bank NV (Australian Branch) in securing credit approvals totalling US\$35 million, including a US\$3.5 million standby facility.

The banks are also to provide a hedging facility that allows the Project economics to be underpinned and further advantage taken of the current strong commodity cycle. Whilst the bank offers are subject to standard conditions precedent being met, Lafayette expects these to be satisfied in the near future.

LG International Corporation (LGI) and KORES (the Korean Government's strategic resources investment arm), who jointly hold 26 per cent of Lafayette's subsidiary Lafayette Philippines Inc., will provide an additional US\$10 million.

Mr. McIlwain said, "This formal credit approval, combined with our partnership with LGI and KORES, was the last major hurdle prior to commencement of production at Rapu Rapu and significantly ensures no further equity requirement from shareholders."

"It has been a six year process in getting the Project off the ground and this final funding step has required some patience from our shareholders," he said. "However, the wait has been worthwhile, with these experienced resources banks having spent significant time in reviewing the technical and financial aspects of the Project and now being able to provide a financing proposal that is commercially favourable and beneficial to our shareholders."

"Lafayette's Board of Director's wish publicly to congratulate its employees who have maintained the focus and determination required to see the Project through to this stage. It is a credit to all those involved that we are now in the position to develop the first new mine in the Philippines for more than 20 years," Mr McIlwain said. "Additionally, our Philippine partners and other stakeholders in this Project recognise the milestone that has been achieved."

Mr McIlwain went on to say, "It is important to note that initial construction at Rapu Rapu has continued throughout the credit process, and we are now well-positioned to complete the first gold pour in December this year with concentrate production commencing in May 2005."



Capital expenditure at the Rapu Rapu site is forecast to total less than US\$41 million with a guaranteed maximum price construction contract having been negotiated with Leighton Contractors (Philippines) Inc.

Mr. McIlwain said, "Project capital costs have already been trimmed by US\$3 million from the initial capital cost estimate through the purchase of refurbished grinding equipment and engineering design. Additional savings identified and factored into our current estimates include confirmation of the Project's PEZA classification status from the Philippine government. This ruling, which minimises the effect of VAT on the construction cost, has already been approved by the PEZA board and is now subject to "sign-off" by the Office of the President. Further design efficiencies and savings will continue to be sought throughout the construction phase.

Rapu Rapu will produce copper, gold, silver and zinc to the value of US\$350 million over the initial six-year life of the mine. Exploration on Rapu Rapu is already underway with the objective of defining additional reserves within trucking distance of the proposed plant. Recent results reported to the ASX, have been encouraging.

### **About Lafayette Mining Limited (ASX: LAF)**

Soon after floating on the Australian Stock Exchange in 1997, Lafayette, through its subsidiary companies and Philippine partners, acquired an interest in the Rapu Rapu exploration project in the Philippines.

Detailed feasibility studies of the Rapu Rapu mineral resource support a mine plan where annual production of approximately 10,000 tonnes of copper in concentrates, 14,000 tonnes of zinc in concentrates, 50,000 ounces of gold and 600,000 ounces of silver. Production is expected to commence in the final quarter of 2004.

The Project has secured all Government and environment approvals necessary for the development of the Project and also secured access to approximately 230 hectares of land on Rapu Rapu Island, being all the land required for the Project and its associated infrastructure.

The Project has a guaranteed maximum price construction contract with Leighton Contractors (Philippines) Inc. covering the plant, tailings storage facility and camp.

Construction time to first metal production for the gold plant is scheduled for 9 months with concentrate production to commence five months later.

The Project has also secured the support of LG International Corporation and KORES, the Korean government strategic resources investment arm, whom together, hold 26% of Lafayette's subsidiary company, Lafayette Philippines Inc.

Significant exploration potential exists on Rapu Rapu Island, with a comprehensive exploration program currently being undertaken.

For further information, visit: [www.lafayettemining.com](http://www.lafayettemining.com)

**Media:** Chris Muldoon on 02 9437 9968 or 0411 157 914  
**Analysts:** Simon Watkin on 02 9437 9833 or 0413 153 272