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Rapu Rapu Project Update

Exploration Progress

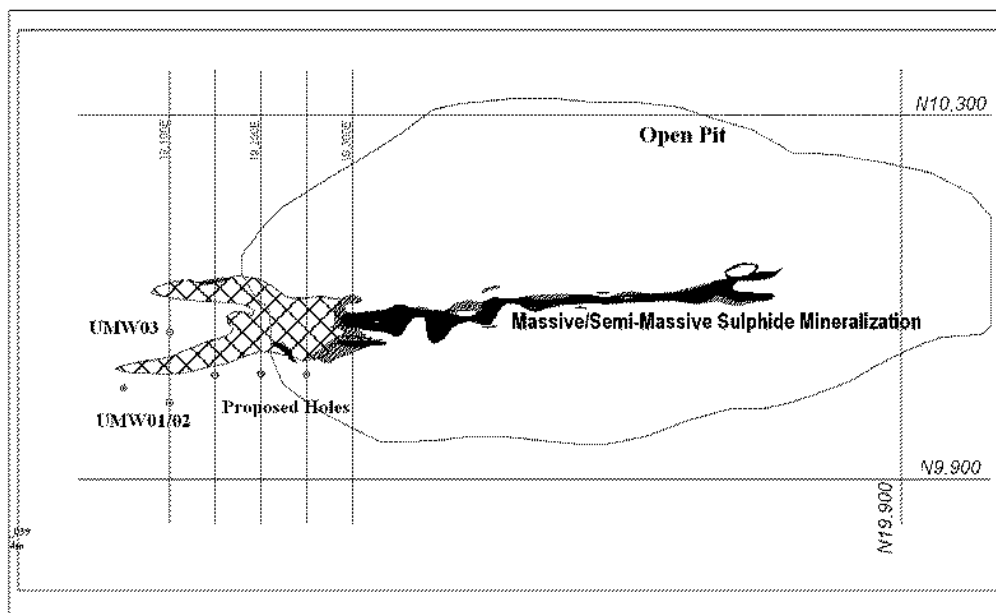
On 15 May 2007, a seven-hole diamond-drill exploration program commenced with collaring of the first drill hole (UMW001). Since commencing the program, a second hole (UMW002) has been completed and a third is underway. All three drill-holes have been drilled on a cross-section approximately 150 metres west from the western edge of the Ungay Pit, and perpendicular to the strike of the mineralisation currently being mined.

These drill-holes are targeting an along-strike interpreted westward extension of the mineralisation exposed in the Ungay Pit.

Both UMW001 and UMW002 have intersected massive and semi-massive sulphides. The assay results have been received for two intercepts in hole UMW001, and are averaged over approximately one metre sampling intervals to the following results:

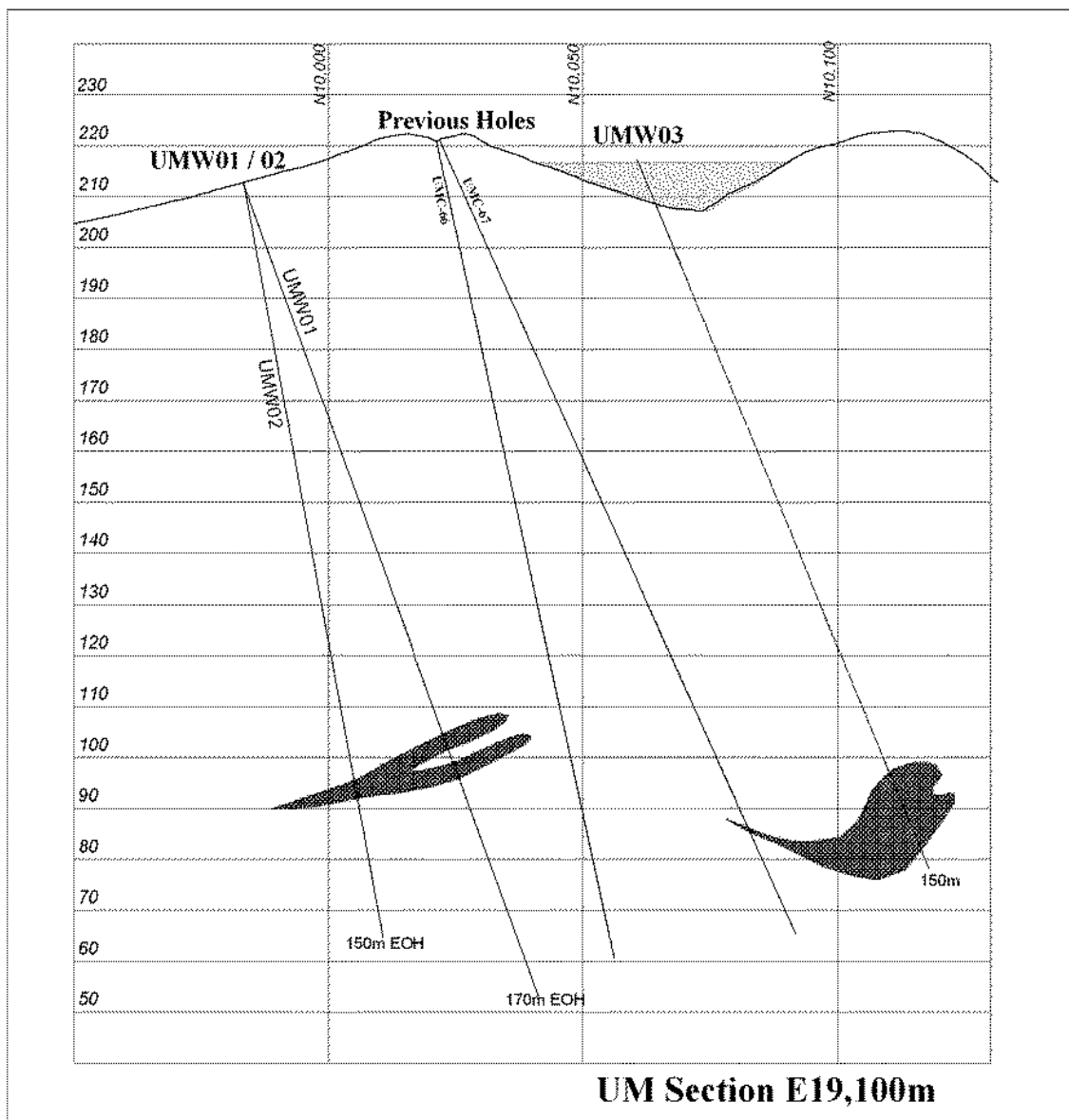
Hole ID	From (m)	To (m)	Drilled width (m)	Cu (%)	Zn (%)	Au (g/t)
UMW 001	114.9	118.0	3.10	0.37	1.20	2.28
UMW 001	120.8	124.0	3.20	0.52	0.20	1.98

Plan showing location of drill-hole program on western end of Ungay pit:





Cross Section at 19, 100E showing first three drill-holes and intercepts of mineralisation:



These drilling results indicate that there is an extension to the Ungay Pit mineralisation as interpreted and the grades are consistent with the general tenor of the deposit. Further assay results are awaited.

The re-occurrence at depth of the mineralisation in UMW 001 foreshadowed in the announcement of 24 May 2007 was not encountered as may be seen on the cross section.

An airborne electromagnetic (EM) geophysical survey of Lafayette's substantial tenement holding on the island of Rapu Rapu awaits confirmation of terms by the geophysical contractor.

After the seven-hole program is complete, it is expected that exploration drilling will continue on targets already defined and drill-ready and/or those targets that may be defined by the airborne EM. Significant consultation and education with local communities is ongoing to ensure that local support and understanding of the planned exploration is maximised.



The information in the report that relates to exploration results is based on information checked by Michael McKeivitt who is a Member of the Australian Institute of Mining and Metallurgy and who is employed by Golder Associates (Perth).

Mr McKeivitt has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr McKeivitt consents to the inclusion of the matters in the report in the form and context in which they appear.

About Lafayette Mining Limited (ASX: LAF)

Lafayette Mining Limited, through its subsidiary companies and Philippine partners, holds an interest in the Rapu-Rapu Polymetallic Project in the Philippines. Rapu Rapu Island is approximately 350kms south of Manila. The Rapu-Rapu mineral resource currently supports an eight-year mine life capable of producing 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 annually.

The Project was suspended by the national government's Department of Environment and Natural Resources (DENR) after two incidents in late 2005 which resulted in relatively minor volume discharges of low level contaminated liquid. Public opposition mounted in early 2006 following a mercury hoax that was falsely attributed to the operation of the Project and which caused significant hardship to the many fisherfolk in the surrounding region, who were unable to sell their fish.

The initiation of a Presidential Fact Finding Commission, to examine the health effects of the Project followed, thereby delaying the processing of the Project's application for a Temporary Lifting Order (TLO) – a quasi-judicial process, based upon rules of procedural fairness and conducted by the Pollution Adjudication Board (PAB) under the auspices of the DENR. The Fact Finding Commission delivered its report on 19 May 2006. The Company understands that the report did not identify any credible health risks from the operation of the Project.

The TLO was subsequently issued by the DENR on 10 July 2006. The order permitted the base metals plant to operate and to 'sample' and 'test' environmental management systems to demonstrate 'best practice'. The granting of the TLO by the DENR followed an extensive review process which verified the completion of extensive remedial measures.

Commissioning

During this trial period, commissioning activities proceeded smoothly with all critical sections of the plant achieving continuous 'steady state' operation at designed throughput. Testing of all environmental management systems was satisfactorily completed at commercial levels of production.

Operations at site then withstood a direct hit by Typhoon Milenyo in early October 2006. All critical operational areas, from the tailings dams to the processing plant, were undamaged despite the severity of the tempest, proving the competency of infrastructure construction and the robust quality of the environmental remediation and emergency procedures at site. Power supply to the process water pumps was quickly restored with processing activities resuming within several days.

At the end of November 2006, the Project was reliably producing commercial grade copper and zinc concentrates with increasingly higher recovery rates. The inventory was increasing to a level that would fill the Project's first 5000t shipment of on-specification material.



Supertyphoon Reming

At the end of November 2006, Supertyphoon Reming hit the island causing damage to various structures including the wharf facility, camp accommodation and office facilities, but without adverse impact on environmental management systems, which once again demonstrated a robust ability to withstand the most adverse weather conditions. Pending repairs to the marine facilities, alternative arrangements for the bagging of bulk, and later commercial grade, concentrate were adopted for shipment.

Permanent/Final Lifting Order (FLO) and Resumption of Operations

On 8 February 2007, the PAB issued a Final Lifting Order (FLO) formally terminating all proceedings in connection with the discharge incidents that occurred in late 2005 as the base metals plant was being commissioned. The FLO authorised the immediate resumption of production of concentrates from the base metals plant

Since that date, base metals plant commissioning activities have continued with significant progress towards the establishment of steady-state production of copper and zinc concentrate. Gold and silver are recovered from the copper concentrate.

On 24 May 2007, following the successful completion of repairs to the load out facilities, it was announced that the Project had completed loading of the first two bulk shipments of copper and zinc concentrates. Approximately 3,400 wet metric tonnes of copper concentrate (including payable quantities of gold and silver) and 5,000 wet metric tonnes of zinc concentrates were shipped under the long term off-take agreement with LG International.

For further information, visit: www.lafayettemining.com

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