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## **Rapu Rapu Project Update**

On Tuesday, 19 June 2007, Lafayette Mining Limited (Lafayette) announced positive results of the exploration program currently under way on the island of Rapu Rapu in the Republic of the Philippines.

As noted in previous releases, the initial drill program targets an area located approximately 150 metres from the western end of the existing Ungay Malobago pit. The initial program consists of seven (7) drill holes sited to test the western extension of the Ungay Malobago orebody.

Media reports have unfortunately focused upon the fact that the first drill hole (UMW 001) did not confirm additional mineralisation at greater depth – an aspect of the reported results which is much less material in the context of potential mine extension, than the results of the first assays from this initial program.

These encouraging results confirm our positive outlook for the Rapu Rapu Project that has been strengthened recently by other initiatives including:

- Completion of the shut-down for a SAG mill reline at the end of last week and resumption of processing operations.
- Substantial completion of a number of process circuit improvements during the shut-down that are expected to materially assist the ramp up.
- The planned implementation of a range of additional initiatives over the next few months to improve processing operational performance: these initiatives have been identified, costed and scheduled. Funding for these initiatives is expected to be sourced from the undrawn balance of the existing \$10 million multi-option facility established in December 2006 with the project bank group after Super typhoon Reming, subject to formal credit committee approvals for the deployment of these funds to effect operational improvements in addition to final stage restoration works.
- Based on recent discussions with its banking group, the project expects to be able to rely upon their continuing support, to assist Group companies to fund the cost in early July of closing out maturing base metal forward sale contracts, again subject to formal credit approvals and various other conditions that are in hand. The current (negative) mark-to-market on those contracts is approximately \$15.5 million reflecting current spot copper and zinc metal prices. As before, the precious metal forward sale contracts are expected to be rolled on a historic rate basis to September 2007, pending a final restructure of the precious metal forward sale program under steady-state conditions.



Successful outcomes in respect of the above initiatives should allow the project to establish an operating base from which the Company can initiate a more substantive restructure for the long term.

### **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](http://www.lafayettemining.com)

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