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

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LEIGHTON CONTRACTORS CHOSEN BY LAFAYETTE TO BUILD NEW MINE AT RAPU RAPU

Lafayette Mining Limited today announced that it had reached agreement with Leighton Contractors (Asia) Limited to undertake the construction of its new Rapu Rapu polymetallic mine in the Philippines.

Construction of the Rapu Rapu mine will be carried out under a guaranteed maximum price contract where savings derived through design and procurement efficiencies flow to Lafayette but cost increases are capped by the original contracted price. Under the agreed terms, Leighton will undertake construction of both the gold and base metals processing plants, pier and concentrate loading facilities and accommodation camp together with other necessary infrastructure such as offices and roads. Leighton will also construct the tailings storage facility and will undertake the mine pre-strip.

Lafayette has also chosen Leighton to undertake the mining operations at Rapu Rapu on terms that closely approximate Lafayette's previously determined cost of an owner-operated programme.

Andrew McIlwain, Managing Director of Lafayette, stated that he is delighted to be associated with Leighton in the development of this milestone project in the Philippines. "The development of Rapu Rapu will be the first new mine in the Philippines for some time and is consistently acknowledged as the first vital step in the regeneration of its mining sector" Mr. McIlwain said. "We at Lafayette are mindful of our role as developer and believe that Leighton, with their significant in-country experience, undertaking both the construction and mining operation adds materially to the probability of an early startup of production and a successful ongoing operation"

Mr. McIlwain also confirmed that the contract terms with Leighton have now allowed Lafayette to complete its credit submission to the banks. "The agreement with Leighton's involvement provides surety to the cost forecasts for the project and provides a solid foundation that has formed the basis for finance review. I am pleased to confirm that Lafayette delivered its submission package to Macquarie Bank and Standard Bank London last week and while the internal bank credit process is yet to be completed, we anticipate an early positive outcome" Mr. McIlwain said.

Subject to bank finance approval Lafayette will commence construction of the facilities by the end of June 2003, targeting commissioning by mid 2004. Mine production over the initial forecast 6 year life will total approximately 60,000 tonnes of copper, 312,000 ounces of gold, 108,000 tonnes of zinc and 3,380,000 ozs of silver.