

# LAFAYETTE MINING LIMITED



## Quarterly Report

(for the quarter ending 31 March 2005)

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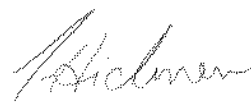
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**TJB Hickman**  
Company Secretary

## Highlights

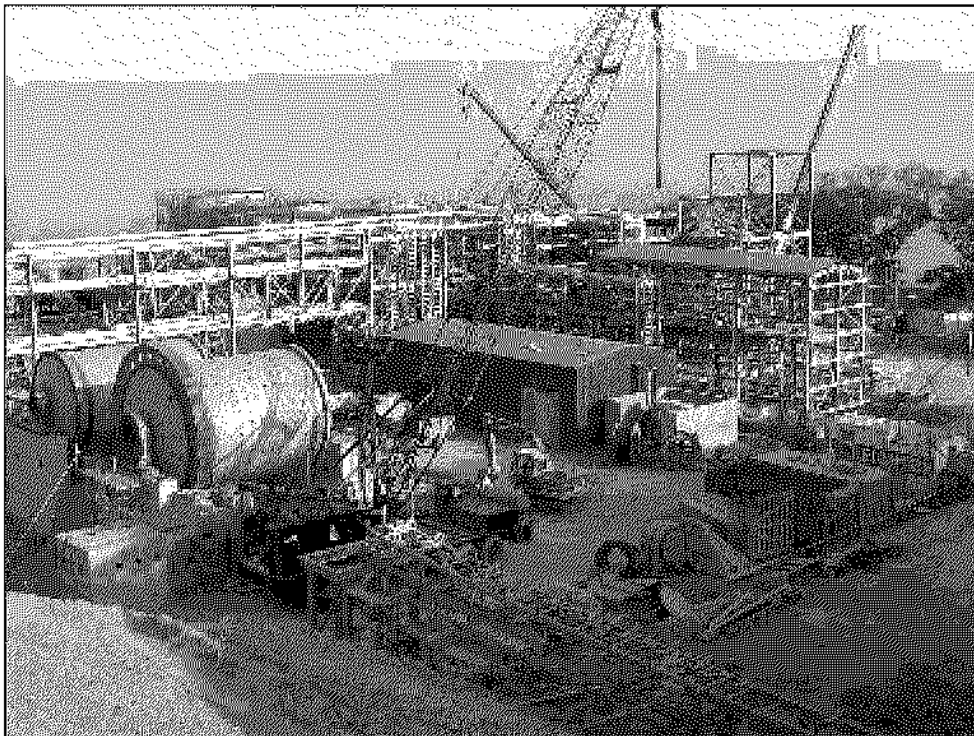
- Project construction on schedule for the commencement of production in the next quarter.
- Mining activities commenced with first ore stockpiled.
- Exploration program underway with an RC program completed producing encouraging in-pit results and an EM survey completed over Hixbar area.
- Successful completion of a A\$4million capital raising to accelerate local and regional exploration program.

## Rapu Rapu Project

During the quarter significant progress was made in the construction of the processing plant and infrastructure. The SAG and Ball mills were installed and tankage for the gold CIL circuit completed.

Additionally, the primary crusher, feeder and conveyors were installed and these will be commissioned shortly, enabling feed to the mill to commence in the next quarter.

The gold plant infrastructure is now basically complete, with only pipework and electrical wiring requiring completion prior to commissioning.



*Photo 1: Process plant area – mills in foreground, Gold CIL circuit behind*

Stage 1 of the power plant purchased from Hyundai Heavy Industries of Korea was delivered to site, and transported to the process plant area. The power plant was shipped in two stages with four of the total seven generator units now on site enabling gold plant commissioning and operation to commence in the next quarter.

The remainder of the power plant will arrive on site in April, ready for the base metal plant commissioning in the second half of the year. Operating low speed diesel units

with large 1.7MW generators, the final power plant configuration is far more fuel efficient and will have a significantly longer life than the 1MW sets proposed in the feasibility study.

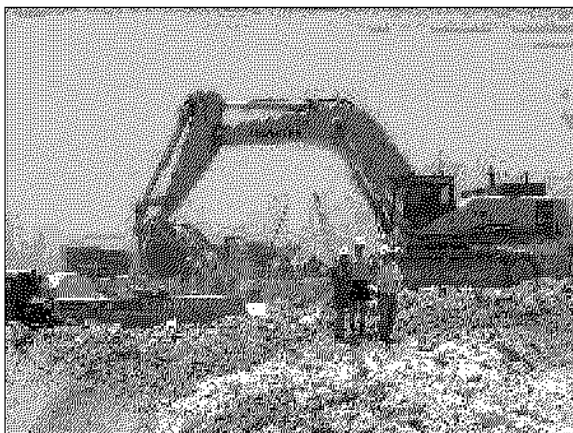
Port construction was completed which now enables the simple transfer of materials and equipment. Construction of the concentrate filtration and storage shed has commenced and will be completed along with the ship loading facility in the 3<sup>rd</sup> calendar quarter.



*Photo 2: Port Facilities and reforestation work*

Mining commenced in the open pit, with initial pre strip works completed. Ore grade material has been accessed and this is now being stockpiled on the ROM pad ready for commissioning in the next quarter.

Grade control drilling has delineated ore grade gold oxide material outside the block model, with production personnel confident of adding to the total resource.



*Photo 3: Mining activity in the pit*

## Corporate

Mr David Mahony resigned from the Company to pursue other opportunities, however, he has remained on the Board in the capacity of a non-executive director.

The Board of Directors wish to thank Mr Mahony for his contribution over the previous two and a half years, particularly his involvement in securing financing arrangements for this exciting project.

## Exploration

Exploration activities continued during the quarter with encouraging results from in-pit drilling at the Ungay pit.

The drilling activity at Ungay Malobago comprised a 20-hole reverse circulation (RC) drill program of approximately 1,200 metres designed to define extensions to oxide and massive sulphide ore along the northeast margin of the Ungay Malobago orebody.

The drillholes were sited to test the up-dip extension of the ore horizon along the northern limb of the west-plunging Ungay syncline.

Several significant intersections were obtained along the up-dip extension of the ore horizon on the northern limb of the Ungay syncline, including intersections of 13m @ 1.61% Cu, 3.04% Zn, 2.07 g/t Au and 93.68 g/t Ag.

A table of the results follows on page 4.

Hole ID	Northing	Easting	Dip	Azim	Depth	From	To	Width	Cu %	Zn %	Au g/t	Ag g/t		Comments
					(m)	(m)	(m)	(m)	Grade					
UMC-124	10150	19773	-68	20 N	80	30	32	2	0.11	0.02	0.84	6.6	†	Ore horizon extension
						52	56	4	0.89	0.28	1.63	42.9	Φ	
UMC-141	10185	19773	-60	20 N	60	1	2	1	<0.01	<0.01	5.59	<0.5	†	
UMC-125	10155	19801	-71	20 N	80	53	55	2	1.62	1.6	2.00	45.6	Φ	Ore horizon extension
UMC-126	10170	19801	-60	20 N	60				No Intersection				*	
UMC-127	10190	19801	-60	20 N	60				No Intersection				*	
UMC-142	10102	19830	-69	20 N	81	6	42	36	1.90	0.76	4.44	71.48	MS	
					includes	12	14	2	0.16	0.01	22.09	38.25		
						18	19	1	0.19	0.01	4.54	967.8		
						25	33	8	6.76	2.41	4.85	96.47		
UMC-139	10151	19827	-70	20 N	80	52	54	2	1.02	6.33	1.98	52.5	MS Φ	MS (52-54m)
UMC-128	10180	19824	-60	20 N	60	28	31	3	0.08	0.04	0.88	4.1	Φ	Ore horizon extension
UMC-140	10147	19851	-60	20 N	75	42	44	2	0.33	0.27	1.20	17.10	†	MS (49-50m)
						48	50	2	0.56	1.28	1.25	20.85	MS Φ	
UMC-129	10200	19850	-90	0 N	70	10	14	4	0.09	< 0.01	1.12	4.75	†	
UMC-130	10144	19874	-60	20 N	81	48	61	13	1.61	3.04	2.07	93.68	Φ	Ore horizon extension MS (56-59m)
					includes	56	57	1	6.47	4.51	6.56	284	MS	
UMC-131	10165	19875	-60	20 N	79	36	37	1	0.46	1.27	1.17	28.4	Φ	Ore horizon extension
UMC-132	10165	19902	-90	0 N	60	36	44	8	0.43	0.09	1.41	12.76	□ Φ	
UMC-133	10149	19927	-68	20 N	60	26	33	7	1.7	0.12	2.16	34.17	□ Φ	
UMC-136	10200	19925	-60	20 N	30				No Intersection				*	
UMC-143	10088	19948	-60	20 N	30				No Intersection				**	
UMC-134	10171	19951	-60	20 N	40	9	11	2	0.27	<0.01	1.37	16.75	†	Ore horizon extension
						16	23	7	0.3	0.02	1.09	23.61	Φ	
UMC-135	10186	19950	-60	20 N	42	12	14	2	0.05	<0.01	3.02	3.1	Φ	Ore horizon extension
UMC-137	10146	19999	-60	20 N	30				No Intersection				*	
UMC-138	10180	20001	-60	20 N	30				No intersection				*	

MS = Massive Sulphide

\* North of Orebody

Φ North of orebody - intersection on felsic-mafic contact (extension of main ore horizon)

\*\* South of Orebody

† North of orebody - intersection stratigraphically below the felsic-mafic contact.

□ Infill

In addition, an electromagnetic (EM) survey was conducted over the Hixbar area. The EM survey covered an area of approximately 2.3 km<sup>2</sup> adjoining the previous survey over the Hixbar mine area, and tested for the westward continuation of conductive responses in the Hixbar pit.

A late-time polarization peak was found to extend approximately one kilometre west of Hixbar and will be drill tested next quarter.

Additionally, five lines of 25m-dipole-dipole induced polarization surveying were conducted over the Hixbar area, generating several strong IP responses

that will also be followed up with drilling in the next quarter.

## Capital Raising

During the quarter, Lafayette raised A\$4 million through a placement of 20 million shares at a price of 20 cents per share to offshore institutions.

This placement is to be used primarily to fund an aggressive exploration of targets in close proximity to the Rapu Rapu development, and also the advancement of other Philippine opportunities.

## About Lafayette Mining Limited (ASX: LAF)

Lafayette Mining Limited, through its subsidiary companies and Philippine partners, hold an interest in the Rapu Rapu polymetallic project in the Philippines. The Rapu Rapu mineral resource will support an initial 6 year mine life 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.

Construction commenced in mid 2004 under a fixed price construction contract with Leighton Contractors (Philippines) Inc. covering the plant, wharf, and associated infrastructure. Mining works started in early 2005 with the first production from the gold plant scheduled in the second quarter of 2005 and base metals concentrate production to commence three months later.

The Project is financed through a syndicate of banks comprising NM Rothschild & Sons (Australia) Limited, ANZ Investment Bank, ABN AMRO Bank NV (Australian Branch), Korea First Bank and Investec Bank (Mauritius) Limited. Lafayette made its first drawdown of funds under this facility in early September 2004.

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.

The 2004 decision by the full bench of the Supreme Court of the Philippines in favour of the Mining Sector has reinforced recent political statements also in favour of the industry. President Gloria Macapagal-Arroyo has announced her Administration's full support of the mining industry and this comes at a time when commodity prices permit a more aggressive project development approach.

In a major thrust to support investment in the sector, the Philippines government is now committed to implementing streamlined procedures for mining applications which investors can be confident will be administered under a clear policy directive to support resource development in a transparent and sustainable manner.

Lafayette is fortunate that the advanced stage of development of Rapu Rapu is timely both in the context of the current metal price environment and the changed political landscape in the Philippines. As the sponsor of the first new foreign funded mine for many years, Lafayette has secured itself a pre-eminent position in the local industry which, when in production, will rank alongside the major Philippine companies.

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

**Media, Investors and Analysts: Market Connect (Simon Watkin):**

Telephone: 0413 153 272

**Lafayette Mining Limited**

Telephone: (03) 9654 6044

## Corporate Information

<b>Directors</b>	Reg Gillard Andrew McIlwain David Mahony Kevin Robinson Peter Geddes	Non-executive Chairman Managing Director & CEO Non-executive Director Non-executive Director Non-executive Director
<b>Company Secretary</b>	Tim Hickman	
<b>Registered &amp; Principal Office</b>	Suite 1, Level 5 189 Flinders Lane Melbourne VIC 3000 Telephone Facsimile Email Website	+61 (0)3 9654 6044 +61 (0)3 9654 6010 <a href="mailto:info@lafayettemining.com">info@lafayettemining.com</a> <a href="http://www.lafayettemining.com">www.lafayettemining.com</a>
<b>Stock Exchange Listings</b>	ASX Frankfurt OTC	LAF LFY Cusip No. 908514
<b>Share Registry</b>	Advanced Share Registry Services 110 Stirling Highway Nedlands WA 6009, Australia Telephone Facsimile E-mail: <a href="mailto:admin@advancedshare.com.au">admin@advancedshare.com.au</a>	+61 (0)8 9389 8033 +61 (0)8 9389 7871
<b>Current Shareholders</b>	Lion Selection Group Institutions Retail Investors	20% 33% 45%
<b>Issued Share Capital</b>	499,395,722	as at 31 March 2005
<b>Share Price Movement</b>	January to March 2005: High Low Last	25.5 cents 17.5 cents 21 cents

## Appendix 5B

### Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Lafayette Mining Limited

ABN

88 076 390 451

Quarter ended ("current quarter")

31 March 2005

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(73)	(106)
(b) development	-	(183)
(c) production	-	-
(d) administration	(379)	(1,742)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	19	48
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(433)</b>	<b>(1,983)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	(4)	(10)
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities (associated)	(90)	(524)
1.11 Loans repaid by other entities	-	-
1.12 Other - Purchase of Royalty	-	-
<b>Net investing cash flows</b>	<b>(527)</b>	<b>(2,517)</b>
1.13 Total operating and investing cash flows (carried forward)	(527)	(2,517)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(527)	(2,517)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	3,703	6,834
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	-	-
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	<b>3,703</b>	<b>6,834</b>
	<b>Net increase (decrease) in cash held</b>	<b>3,176</b>	<b>4,317</b>
1.20	Cash at beginning of quarter/year to date	3,102	1,998
1.21	Exchange rate adjustments to item 1.20	5	(32)
1.22	<b>Cash at end of quarter</b>	<b>6,283</b>	<b>6,283</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	597
1.24	Aggregate amount of loans to the parties included in item 1.10	163

1.25 Explanation necessary for an understanding of the transactions

Directors Remuneration	172
Directors Fees	28
Advances for exploration, administration and development costs	397

**Non-cash financing and investing activities**

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not Applicable

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not Applicable

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements		

+ See chapter 19 for defined terms.

**Estimated cash outflows for next quarter**

		\$A'000
4.1	Exploration and evaluation	150
4.2	Development	150
<b>Total</b>		

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,752	775
5.2 Deposits at call	4,531	2,327
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	6,283	3,102

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	N/A		
6.2	Interests in mining tenements acquired or increased	N/A		

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

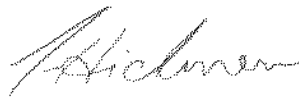
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>Ordinary securities</b>	499,395,722			
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	20,634,589			
7.5 <b>Convertible debt securities</b> <i>(description)</i>	\$1 convertible notes convertible to shares at 8 cps, with a 10% coupon payable in shares at 8 cents per share  3,165,000			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	(50,000)			
7.7 <b>Options</b> <i>(description and conversion factor)</i>	5,000,000 5,000,000 4,000,000 750,000 4,500,000 2,750,000		<i>Exercise price</i> 10 cents 10 cents 9 cents 10 cents 17.25cents 12 to 20 cents	<i>Expiry date</i> 7/7/2005 5/1/2006 1/7/2007 1/7/2007 1/7/2009 1/7/2010
7.8 Issued during quarter	1,200,000		20 cents	30/9/2006

+ See chapter 19 for defined terms.

7.9	Exercised during quarter	-		-	-
7.10	Expired during quarter	-		-	-
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Date: 19 April 2005

Company secretary

Print name: Timothy James Bruce HICKMAN

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.