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Resource Increase at Rapu Rapu

Exploration drilling at the Hixbar mine area has proven to be successful, with the initial program providing results that have enabled the definition of an inferred resource of 1.3 million tonnes grading 1.7 grams per tonne gold and 15.4 grams per tonne silver, Lafayette Mining's CEO, Mr Andrew McIlwain announced today.

The Hixbar deposit that is currently being explored by Rapu Rapu Minerals is located less than three kilometres west of Lafayette's Rapu Rapu Project, and was previously an open cut and underground mine that was commercially developed in the 1930s and produced copper and pyrite through to the early 1960s.

"We have always seen Hixbar as a great opportunity once production capacity had been established at the Rapu Rapu Project," said McIlwain.

"The mineralisation at Hixbar is a repetition of what we are currently mining in the Ungay orebody, and this drilling has concentrated on the gold oxide potential surrounding the old mine. Encouragingly, these results are all from within a maximum depth of around 20m from surface and mining will be simple. Additionally, previous work has identified the continuation of deeper sulphide mineralisation and we will work towards confirming this into resource status as well," he said.

Table (1) – Hixbar Inferred Resource

Category	Tonnes	Grade – Au (g/t)	Grade – Ag (g/t)	Au equiv ozs
Inferred	1,227,000	1.67	15.35	75,600

The initial resource analysis has been based on more than 300 drill holes using the recent RC drilling results and previously completed diamond and auger programs, and has been prepared in accordance with JORC Code requirements in respect to the methodology applied by Micromine Consulting.



Significant results from this drilling program include:

- HXRRC-070 3m @ 31.32g/t Au
- HXRRC-023 4m @ 7.82g/t Au
- HXRRC-037 4m @ 6.71g/t Au
- HXRRC-024 8m @ 3.45g/t Au
- HXRRC-076 7m @ 3.25g/t Au
- HXRRC-053 6m @ 3.03g/t Au

Analysis of the Hixbar information included 3D digital interpretation of the gold mineralised envelopes followed by a geo-statistical analysis for gold grade distribution and grade interpolation of the mineralised envelopes.

Further resource work, with the inclusion of final assays, will be completed by October. This will provide an upgrade of the resource category and the completion of conceptual technical and financial studies to enable the development of the Hixbar gold oxide resource.

The first gold and silver pour from the Rapu Rapu mine, off the east coast of the island of Luzon, took place on 19 July this year. The base metals plant (for copper and zinc production) at Rapu Rapu is due to be commissioned in October.

"Based on current reserves, the Rapu Rapu mine has a six-year mine life. The proving up of the Hixbar resource extends our Life of Mine plans beyond this. We have always had confidence that our exploration team would deliver, and this is just the start of defining the potential of Rapu Rapu Island", Mr McIlwain said.

The information in the report that relates to mineral resources is based on information compiled by Dmitry Pertel who is a Member of the Australian Institute of Geoscientists and who is employed by Micromine Proprietary Limited.

Dmitry Pertel has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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. Dmitry Pertel consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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.

The Total Resources at the Ungay Deposit are as follow:

Class	Tonnes	Gold – g/t	Silver – g/t	Copper - %	Zinc - %
<i>Measured</i>	<i>6,397,000</i>	<i>2.7</i>	<i>28.9</i>	<i>1.3</i>	<i>2.2</i>
<i>Indicated</i>	<i>324,000</i>	<i>2.2</i>	<i>20.5</i>	<i>0.9</i>	<i>1.4</i>
<i>Inferred</i>	<i>301,000</i>	<i>1.9</i>	<i>20.9</i>	<i>0.8</i>	<i>1.0</i>
Total	7,022,000	2.6	28.1	1.2	2.1



Project construction commenced in mid 2004 under a fixed price construction contract with Leighton Contractors (Phils) Inc covering the plant, wharf, and associated infrastructure. Mining operations started in early 2005. Following the start up of the Gold Plant, the Base Metals Plant will be commissioned producing copper (with contained gold and silver) and zinc concentrates.

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 December 2004 decision by the full bench of the Supreme Court of the Philippines in favour of foreign investment in the Mining Sector has been reinforced by President Gloria Macapagal-Arroyo's recent political commitments and her Administration's full support of the mining industry.

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 commencement of production from the Rapu Rapu Project 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

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Additional Details of the Resource Estimate

Details are shown below of the methodology involved in the Hixbar resource estimate and the drilling plan.

Resource Estimation Methodology

The three-dimensional block model was generated for the Hixbar prospect using the 0.3 Au g/t natural cut-off grade interpretation for the mineralisation envelope design. The grades restricted to the wireframe were interpolated into the model cells using the Ordinary Kriging method and were then restricted by the mineralised envelope wireframe. Global resources were then estimated within the model at a range of Au cut-off grades.

The Hixbar resource was estimated using MICROMINE version 10 software.

Block Modelling

The dimension parameters of the model blocks are specified in Table 1.

Initial modelling with a parent cell size of 5 m by 5 m by 2 m was followed by subcelling down to 1 m by 1 m by 0.5 m where necessary. The 5 m by 5 m by 2 m parent cell size was chosen on the basis of the density of the exploration grid and vertical extent of the mineralisation.

Table 1: Hixbar Block Model Characteristics

Axis	Extent, m		Block Size (m)	Maximum Subcelling (m)	Number of Parent Blocks
	Minimum	Maximum			
Easting	16 977.5	17 922.5	5	1	189
Northing	9 647.5	10 227.5	5	1	116
RL	269	397	2	0.5	396

Grade Interpolation

Gold, silver, zinc, copper, lead, arsenic and specific gravity grades were interpolated into the empty block model using the Ordinary Kriging method. Firstly, the gold grades were interpolated with no gold top cut applied, then gold grades were interpolated with 15 g/t and 40 g/t top cuts applied. The top cuts were determined using classical statistical analysis. These top cuts were applied to all samples before compositing and grade interpolation. All elements were interpolated using the same interpolation parameters and variograms obtained for gold.

A "parent block estimation" technique was used, ie. all cells within the same parent cell received the same grade value. The Ordinary Kriging process was performed at different search radii until all cells were interpolated. The search radii were determined by means of the evaluation of the variogram parameters, which determined the kriging weights to be applied to samples at specified distances. The first search radii were selected to be equal to two thirds of the semivariogram ranges in the strike, down dip and across dip (thickness) directions. Model cells that did not receive a grade estimate from the first interpolation run were used in the next interpolation with greater search radii equal to the full semivariogram ranges in all directions. The model cells that did not receive grades from the first two runs were then estimated using radii incremented by the full semivariogram ranges.

When model cells were estimated using radii not exceeding the full semivariogram ranges, a restriction of at least three samples from at least two drillholes was applied to increase the reliability of the estimates.



Resource Reporting

The Hixbar Resource Report is based on the estimated gold, silver, zinc, copper, lead, arsenic and specific gravity grades in the block model, spatially constrained by interpreted and wireframed gold mineralization envelopes. The cut-off grade was applied to the gold values in the block model with applied top cut grade of 40 g/t. The resources at a cut-off grade of 0.0 g/t and 0.5 g/t are shown in Table 2.

Table 2: Hixbar Inferred Resources

Category	SG	Volume	Tonnes	Au ¹	Au ²	Au ³	Cu	Zn	Ag	Pb	As
Inferred	t/m ³	1000m ³	Mt	g/t	g/t	g/t	ppm	ppm	ppm	ppm	ppm
Cut Off 0.0 g/t	2.61	646	1.655	1.31	1.28	1.32	1582	999	11.94	175	105
Cut Off 0.5 g/t	2.53	480	1.227	1.67	1.62	1.67	1915	1230	15.35	198	122

* Note: 1 – gold value estimated with top cut of 40 g/t,
 2 – gold value estimated with top cut of 15 g/t, and
 3 – gold value estimated with no top cut applied.

