LAFAYETTE MINING LIMITED

Quarterly Report

(for the quarter ending 31 March 2006)

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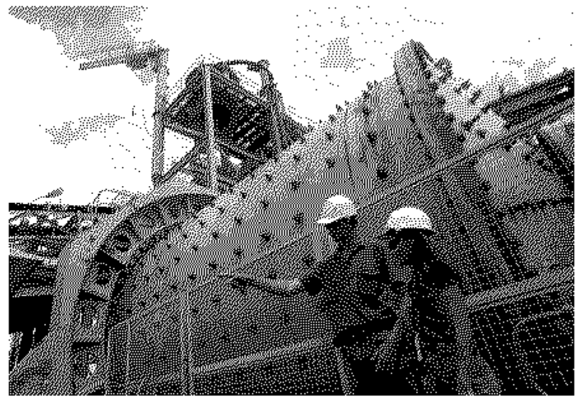

Highlights

- Board and management restructured
- Recommence plant commissioning
- Rapu Rapu poised for production start-up
- Capital raising completed
- New opportunities to be pursued

Plans for the next quarter

- Complete the commissioning process
- Deliver first base metals production
- Commence field work to improve resource base

This information is available on our website at: www.lafayettemining.com

For Further Information:

Tim Hickman
Company Secretary
Lafayette Mining Limited
(ABN 88 076 390 451)

TJB Hickman
Company Secretary

26 April 2006

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From the Managing Director's Desk

As the newly-appointed Managing Director of Lafayette Mining Limited, I am very grateful for the outstanding efforts of my colleagues in working diligently to satisfy a range of Philippine Government requirements, to position your Company to complete commissioning of the Rapu Rapu copper, zinc, gold and silver project and deliver our first copper and zinc production.

During the March quarter, a great deal has been achieved. A refinancing and share placement program has been successfully completed. This positions your Company to meet its financial and work programs in the period leading up to full production and delivery of a base metals revenue stream into a buoyant commodities market.

At a corporate level, I welcome the strong support we have received from our major shareholders, partners and financiers.

I acknowledge the efforts of our new Filipino operational team, led by fellow Director Sonny Dominguez. They have moved efficiently and with great authority to strengthen our operational capability and to deliver the remedial measures required to obtain permission to complete the commissioning sequence. Most importantly, our community relations team, led by prominent and respected members of our local communities, including the provinces of Sorsogon, Albay and the city of Legaspi, have successfully moved to re-establish and enhance our social licence with a range of exciting initiatives that show the potential to set a new benchmark in sustainable community and stakeholder engagement.

I also acknowledge the hard work of my predecessor, Andrew McIlwain, who took the project from an early exploration phase through to development, and oversaw first gold production.

Your Company has returned to commissioning of the Rapu Rapu plant, and with government support will soon enter an exciting and long-awaited period of base metals production.

I am confident we will return to production without any further delays and that we can deliver into the strong market for base metals and gold.

David Baker
Managing Director

Board and Management

On 17 January 2006, the Company announced changes to its Board and its operational management structures to position itself for commencement of base metals commissioning at the Rapu Rapu mine in the Philippines.

The restructure was implemented to enable a strengthening of the operational management team with the introduction of a Filipino partner to oversee operational and administrative activities in the Philippines.

The team is led by respected Filipino businessman, Mr Carlos G "Sonny" Dominguez who brings considerable expertise and experience to the local management team. Mr Dominguez accepted the position as Chairman, President and Chief Executive Officer of Lafayette's operational arm, Lafayette Philippines Inc.

Mr Dominguez was the former Minister for Natural Resources and Secretary of Agriculture under the administration of President Corazon Aquino; former Chairman, President and CEO of Philippine Airlines; and former Chairman, President and CEO of Philippine Associated Smelting and Refining Corporation (PASAR).

Along with renewed government support for the project, Mr Dominguez has managed a successful re-engagement of the local communities. Further initiatives will include additional training programs to provide ongoing employment opportunities, along with trade opportunities that will benefit the wider communities.

Board Restructure

Mr Dominguez has joined the Board of Lafayette Mining Limited as a Non-Executive Director.

Additionally, Mr Robin Widdup, Managing Director of the Lion Selection Group (Lafayette's major shareholder), joined the Lafayette Mining Limited Board as a Non-Executive Director.

Mr Kevin Robinson and Mr Paul Taylor stepped down from the Lafayette Board on 14 January and 13 January 2006 respectively.

Mr Robinson provided considerable assistance and expertise to the Rapu Rapu Project for six years and saw the initial development through to completion of the construction phase.

The Board expresses its appreciation of the valued contribution of both Mr Robinson and Mr Taylor.

Managing Director

On 23 March 2006, following the completion of a range of funding initiatives, Mr Andrew McIlwain resigned as Managing Director and as a Director of the Company.

The Board acknowledges Mr McIlwain's valued contribution. His pioneering leadership ensured the development of the Rapu Rapu Project.

Mr David Baker was appointed as the new Managing Director. Mr Baker is an experienced investment banker with a strong background in project finance. He had been working closely with the Lafayette management team for the past four months. He also co-ordinated the funding initiatives announced in March 2006.

Project Restart

The Company advised late in the quarter that commissioning of the base metals plant had commenced.

Lafayette confirmed that the work required to satisfy all of the technical remedial requirements imposed by the Philippine authorities had been undertaken.

A submission for restart was lodged with the relevant authorities on 20 March 2006.

Gold CIL and Base Metals Mills

Subsequent to quarter end, the Philippine authorities released a report refuting allegations of elevated mercury levels in waters near the island of Rapu Rapu. The Rapu Rapu mine does not use mercury in its production process. Further, the government has confirmed that the Rapu Rapu operations were not responsible for those alleged occurrences.

The response of the Philippine authorities to our submission has been somewhat delayed by the Government's desire to obtain the results of a Presidential Fact Finding Commission, before ruling on the merits of our motion. Whilst this is disappointing, we do not expect significant delay, as the FFC has completed its public hearings and is now finalising its report. We expect that the Department of Environment and Natural Resources will move energetically to confirm that all of the required remedial measures have been satisfactorily addressed. A positive response would allow us to produce our first concentrate within a few days of full start up.

When in full production, the Rapu Rapu Project will support an initial eight-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.

With the current record commodity prices, the Board remains confident of being in an excellent position to capitalise on these buoyant prices and to recover any lost ground quickly.

Capital Raising

On 23 March 2006, Lafayette announced a range of funding initiatives to strengthen the Company's financial position following the delay in base metals production.

These included an A$11 million placement at 11 cents per share by ABN AMRO Morgans to domestic and overseas investors and institutions. A further A$5.5 million, subject to shareholder approval, will be placed with an overseas institution.

AuSelect Limited agreed to take a placement of A$3 million and Lion Selection Group agreed to take a placement of A$2 million. Both placements were at 11 cents per share and will also require shareholder approval. These placements total A$21.5 million.

Additional funding for the project included a contribution of A$6.7 million by the Rapu Rapu Project's joint venture partners, LG International and KORES, in the form of a 'soft' loan..

Credit approval was also sought (and obtained subsequent to quarter end) from the Rapu Rapu banking syndicate in respect of a US$10 million stand-by project facility.

Approval of the restructure of the project debt facility provided by the syndicate was also sought due to the delay in commencement of base metals production. This approval was received subsequent to quarter end.

These efforts enabled a total finance package of A$41.8 million to be completed, providing a substantial financial buffer through the commissioning and ramp up phases.

Exploration

Following the comprehensive financial restructure in March 2006, the Company expects to again be in a position to restart its exploration activities.

The Company is looking forward to resuming its exploration of previously identified targets within the project area at the nearby Hixbar gold deposit, and within other prospective areas on the island.

Share Purchase Plan

Following an announcement by the Company in December 2005, the Directors approved a Share Purchase Plan (SPP). The SPP provided shareholders with the opportunity to participate in acquiring up to A$5,000 worth of shares per shareholder.

The SPP closed on 17 February 2006 and on 28 February 2006, the Company was pleased to announce its successful completion with the total raising of $4,970,465.

Shareholder General Meeting

Following the announcement of the range of funding initiatives in March 2006, the Company has arranged a General Shareholders Meeting to approve the placements. This meeting will be held on Thursday, 18 May 2006 and further details are available on the Company's website.

For further information, visit www.lafayettemining.com

Company Secretary: Tim Hickman / Investor Relations: Kay Donehue

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Corporate Directory

Directors

Reginald Gillard (Non-Executive Chairman)
Andrew McIlwain (Chief Executive Officer) – *Retired 23 March 2006*
David Baker (Managing Director) – *Appointed 23 March 2006*
Robin Widdup (Non-Executive Director) – *Appointed 14 January 2006*
Carlos Dominguez (Non-Executive Director) – *Appointed 17 January 2006*

Company Secretary

Tim Hickman

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Stock Exchange Listings

Australian SX:	LAF
Berlin Stock Exchange:	Frankfurt OTC: LFY Cusip No. 908514

Current Shareholders

Lion Selection Group:	17%
Institutions:	45%
Retail Investors:	38%

Issued Share Capital

As at 30 March 2006:	797,778,939

Share Price Movement

January to March 2006:	High:	16.5 cents	
	Low:	10.0 cents	
	Last:	14.0 cents	
	Latest	13.0 cents	*(24/04/2006))*

Rule 5.3

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	Quarter ended ("current quarter")
88 076 390 451	31 March 2006

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		-	3,108
1.2	Payments for	(a) exploration and evaluation	-	(446)
		(b) development	(3,008)	(3,815)
		(c) production	-	(8,596)
		(d) administration	(5,632)	(11,503)
		(e) inventories	(288)	(3,272)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		38	101
1.5	Interest and other costs of finance paid		(1,119)	(1,119)
1.6	Income taxes paid		-	-
1.7	Other (provide details if material)		-	-
	Net Operating Cash Flows		(10,009)	(25,542)
	Cash flows related to investing activities			
1.8	Payment for purchases of:	(a)prospects	-	-
		(b)equity investments	-	-
		(c) other fixed assets	(567)	(2,056)
1.9	Proceeds from sale of:	(a)prospects	-	-
		(b)equity investments		
		(c)other fixed assets		
1.10	Loans to other entities (associated)		(163)	(1,121)
1.11	Loans repaid by other entities		-	
1.12	Other - Purchase of Royalty		-	-
	Net investing cash flows		(730)	(3,177)
1.13	Total operating and investing cash flows (carried forward)		(10,739)	(28,719)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(10,739)	(28,719)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	20,335	30,746
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	9,188
1.17	Repayment of borrowings	(1,480)	(3,155)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	18,855	36,779
	Net increase (decrease) in cash held	8,116	8,060
1.20	Cash at beginning of quarter/year to date	4,648	4,577
1.21	Exchange rate adjustments to item 1.20	(330)	(203)
1.22	**Cash at end of quarter**	12,434	12,434

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	379
1.24	Aggregate amount of loans to the parties included in item 1.10	1,121

1.25 Explanation necessary for an understanding of the transactions

Directors Remuneration	190
Directors Fees	26
Advances for exploration, administration and development costs	163

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	46,598	46,598
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

+ See chapter 19 for defined terms.

		$A'000
4.1	Exploration and evaluation	-
4.2	Development	6,500
	Total	6,500

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	12,418	4,632
5.2 Deposits at call	16	16
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	12,434	4,648

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	N/A		
6.2	Interests in mining tenements acquired or increased	N/A	N/A		

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	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	797,778,939			
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	 190,788,990			
7.5	**+Convertible debt securities** *(description)*	8,000,000 $1 convertible notes, with a coupon of 10% expiring 30 September 2009, convertible to shares at 20 cps.			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	 - 1,480,000 convertible notes convertible to shares @ 8 cps			
7.7	**Options** *(description and conversion factor)*	 1,000,000 750,000 4,500,000 750,000 1,875,000 2,750,000 1,200,000 450,000 1,500,000		*Exercise price* *9 cents* *10 cents* *17.25cents* *18 cents* *18 cents* *12 to 20 cents* *20 cents* *20 cents* *26 cents*	*Expiry date* *1/7/2007* *1/7/2007* *1/7/2009* *31/10/2009* *30/11/2009* *1/7/2010* *30/9/2006* *28/02/2010* *1/07/2010*
7.8	Issued during quarter	-		-	-
7.9	Exercised during quarter	5,000,000 2,000,000		*10 cents* *9 cents*	*500,000* *180,000*
7.10	Expired during quarter	-		-	-

+ See chapter 19 for defined terms.

7.11	**Debentures** *(totals only)*		
7.12	**Unsecured notes** *(totals only)*		

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: 26 April 2006

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.

+ See chapter 19 for defined terms.