TRANSCRIPT

OF AN

INTERVIEW WITH

MR DAVID BAKER, MD

LAFAYETTE MINING LIMITED

DATE: Thursday, 1 March 2007

Present:

Facilitator - Mr Rodney Gauld.
Mr David Baker - MD, Lafayette Mining Limited.

MR GAULD: You're listening to Boardroom Radio, where we are today joined with David Baker, Lafayette Mining, Managing Director. David, Welcome.

MR BAKER: Thanks, Rodney.

MR GAULD: Lafayette released their half-yearly results yesterday. What are some of the key points of the results?

MR BAKER: Yes, Rodney, well, we reported a consolidated loss of $66m, reflecting the financial impacts of the suspension throughout 2006, and the consequences of the typhoon damage in late November.

Close to thirty percent of that loss, reflects the required accounting treatment of the hedge program. That's about $19m. There is no cash-flow impact from this treatment.

A further 40% of the loss, or $26m, reflects the loss on cash settlement of the September and December base metal forward sales contracts, that we were unable to deliver into, also due to the suspension and the typhoon damage. These losses were funded by additional debt facilities as reported in our Quarterly Report in late January.

We took the conservative decision in preparing the Financial Statements, to write down the carrying value of certain assets that were physically damaged by the typhoon, which accounts for another ten percent of the loss, without, at this stage, booking any expected recovery under applicable insurance policies.

MR GAULD: David, the Final Lifting Order was granted on the 8^{th} of February. How is the base metals plant performing now?

MR BAKER: Well, Rodney, we're very encouraged by the rapid re-establishment of concentrate production. Throughput is at design levels. We're achieving consistent commercial quality grades for both copper and zinc concentrates, and recovery is trending quite positively.

We're on target to ship our first bulk load out of copper and zinc concentrates at the beginning of the next quarter, as foreshadowed in previous announcements. That said, we have to manage all the usual commissioning risks associated with the ramp-up of a new, modern plant.

The restoration and repair work, onsite, is proceeding on schedule and under budget.

MR GAULD: You declared financial close on a US$15m convertible note transaction recently. What does this mean for Lafayette?

MR BAKER: Well, Rodney, that's a very significant initiative for Lafayette, especially at this time, as we ramp-up to full production, and move to establish increasing project revenues from the sale of concentrates.

The funding provides a working capital safety net, with up to $3m of the $15m available for an accelerated exploration program.

Our note investors are sophisticated investors, who have completed the convertible note, based upon a full understanding of the current status of the project. So, it's a major, positive, endorsement for us.

We've got a modern plant, sitting on top of a good ore body, with significant potential upside, and the funding for the exploration program allows us to move rapidly to demonstrate and confirm that potential.

MR GAULD: David, thanks for your time this morning. It's been good speaking with you.

MR BAKER: That's my pleasure. Thank you, Rodney.

\- - - -