Rapu-Rapu Project Update

Commissioning of Rapu-Rapu Base Metals Plant
On 14 September 2006, Stage 3 commissioning of the Rapu-Rapu base metals plant in the Philippines recommenced and has continued at a steady pace under the terms of the 60 day extension to a Temporary Lifting Order granted to Lafayette’s operating subsidiary.

During this time, our operations team has encountered and effectively managed a range of challenges related to commissioning. None of these problems are unusual or severe for a polymetallic processing plant undergoing commissioning, and most have been partly or completely rectified, resulting in the production of copper concentrate.

Production of zinc concentrate has yet to be achieved due to the current copper-zinc grade ratio in the ore delivered to the plant. This imbalance has been addressed in the mining operation which is now delivering acceptable ore grades. Ongoing flotation testwork suggests that improved zinc recoveries, compared to budget, may be achievable.

Lafayette’s Managing Director, Mr David Baker, said today: “While we have not yet achieved consistent and stable production of on-specification concentrates, we are confident this may only be a week or two away.

“We expect that nameplate ore throughput will be readily reached or exceeded. On top of this, ore inventory is in great shape and the environmental management measures put in place and operating at our mine are world class. We are finally ready to produce metal in earnest within the framework of the government’s Temporary Lifting Order.”

Dismissal of Class Actions
Two class actions filed against our Filipino subsidiaries in the Regional Trial Court of Sorsogon and in the Regional Trial Court of Makati have been dismissed.

The Sorsogon action sought compensation and was initiated by fishermen and fish traders allegedly affected by the events pond overflow and tailings dam discharge in October last year. Whilst regretting the overflow and discharge events, Lafayette has consistently maintained that the volume of low-level contaminated water was minor, and the resulting environmental impact negligible.

The Makati action sought to restrain the activities of our operating subsidiaries and attempted to enjoin the Philippine Government’s Secretary Angelo T Reyes, the Secretary of the responsible authority, the Department of Environment and Natural Resources, in the action
with the intent of preventing our polymetallic plant from resuming operations. This action was based upon unsubstantiated allegations made in the Rapu-Rapu Fact Finding Commission (FFC), an enquiry that was initiated by the President of the Philippines following the mercury hoax and associated ‘fish scare’ earlier this year; a hoax that caused widespread hardship for thousands of fisherfolk in the region. As noted in previous releases, the FFC did not identify any credible health concerns arising from Lafayette’s activities at Rapu-Rapu.

**Hedge Restructure**

Discussions with our hedge bank group in relation to the restructuring of our base and precious metals forward sale programme are proceeding satisfactorily. We will provide details of the agreed restructure following the completion of formal documentation. This is scheduled to close prior to 29 September 2006, the date on which delivery of metal under a number of the hedge contracts was originally due to occur.

**About Lafayette Mining Limited (ASX: LAF)**

Lafayette Mining Limited, through its subsidiary companies and Philippine partners, holds an interest in the Rapu-Rapu polymetallic project in the Philippines. Rapu Rapu Island is approximately 350kms south of Manila.

The Rapu-Rapu mineral resource currently supports an eight year mine life capable of 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 project was suspended by the national government’s DENR after two incidents in late 2005 which resulted in relatively minor volume discharges of low level contaminated liquid. Public opposition mounted in early 2006 following a mercury hoax that was falsely attributed to the operation of the project and which caused significant hardship to the many fisherfolk in the surrounding region, who were unable to sell their fish.

The initiation of a Presidential Fact Finding Commission, to examine the health effects of the project followed, thereby delaying the processing of the project’s application for a Temporary Lifting Order – a quasi-judicial process, based upon rules of procedural fairness and conducted by the Pollution Adjudication Board under the auspices of the DENR.

The Fact Finding Commission delivered its report on 19 May 2006. The Company understands that the report did not identify any credible health risks from the operation of the project.

The TLO was subsequently issued by the DENR on 10 July 2006. The order permits the base metals plant to operate and to ‘sample’ and ‘test’ environmental management systems to demonstrate ‘best practice’. The granting of the TLO by the DENR followed an extensive review process which verified the completion of extensive remedial measures.

Stage 1 commissioning commenced the next day. The test run involved the circulation of water into the system to test for leakages. This stage was completed in three days, which was two days ahead of the schedule contemplated by the TLO.

On 18 July, 2006, DENR issued an order confirming that RRPI had fully complied with all of the requirements of the Stage 1 of testing and, accordingly, granted permission for RRPI to proceed with the Stage 2 of the test run. This involved the processing of non-ore bearing materials to test the electro-mechanical systems within the plant.
All of these commissioning activities have proceeded smoothly with all critical sections of the plant achieving continuous ‘steady state’ operation at designed throughput. Permission to commence Stage 3 commissioning (which was received on 24 August 2006) was the final regulatory approval required to ramp up production from the plant, pending a successful application for a Permanent Lifting Order.

For further information, visit: www.lafayettemining.com

CONTACT:

David Baker – Managing Director
Jeff Quartermaine – Company Secretary
Kay Donehue – Executive Assistant / Investor Relations
Lafayette Mining Limited: +61 (0)3 9654 6044

Media Enquiries: Gavan Collery
Mobile: +61 (0)419 372 210