



Minco completes Laguna Zacatecana Feasibility Study in Mexico:

**Study shows IRR of 46%; Operating profit of \$US 9.94 per tonne;
1,000,000Tonne per annum production.**

London: 18 October 2004: AIM quoted precious metals developer Minco (MIO) announces the completion of the Feasibility Study on the Laguna Zacatecana silver tailings project in Mexico.

The study by Toronto based MICON International, considered the licence area awarded to Minco by CONAGUA, the Mexican Federal water authority, where permission was obtained to extract up to 6,000,000 cubic metres of silver bearing tailings from the Laguna Zacatecana, located in Zacatecas State.

The completed Study shows excellent economics:

- Operating costs of US \$2.28 per ounce silver equivalent
- An internal rate of return in excess of 46%
- Net present value at 5% discount of US \$37 million, at 10% discount US\$ 26.5m pre tax
- Total silver equivalent production of 18 million ounces
- Total reserves of 7.6 million tonnes
- Project life of 8 years from lake based tailings at 1 MT per annum production
- Total pre-production capital expenditure of US \$19.4 million. Negotiations with banks for project finance will commence.

Over 210 drill holes and 900 samples were taken from the lake during the study, which will now be submitted to the Mexican Authorities for final Permitting approval.

Minco will now commence detailed engineering and complete the bankable study, and at the same time will carry out a further drilling programme on the surrounding land based tailings. These potential resources could, according to an independent study, be as large as the lake itself.

Matthew Dorman, CEO, stated: 'The completion of the study is a significant milestone in the project's development. The economics are excellent and, with the addition of the land based tailings, there is the potential to double the project life. This project, in conjunction with our other assets in Mexico, gives us a strong platform from which to increase our presence in the country.'

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