

Minco Plc

Laguna Silver Project Update

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AIM quoted precious and base metals explorer and developer Minco plc ("MIO") wishes to update shareholders on the Laguna Zacatecana Silver Project ("Laguna" Project) following a detailed review of the October 2005 feasibility study, completed by Micon International of Toronto.

The Micon feasibility study estimated the project could be put into production for US\$29 million; pre-production capital cost of US\$22 million, US\$3 million of working capital and a further US\$4 million for additional tailings facilities funded from cash flow in the first year of operation. The project showed a baseline IRR of 46% based on a base case silver price 50% lower than its current levels.

As a result of the detailed review of the bankable feasibility study, Minco is currently investigating the method of the tailings disposal and the location of the process plant in order to further reduce capital requirements and operating costs. The review will take some time and production is now likely to commence in 2007. Additional land within a 3 to 5 km radius of the Laguna site will be required for the processing plant and tailings disposal sites, involving the transportation of tailings from the suction dredge in the lake to the processing plant by pipeline.

In ongoing discussions with banks regarding debt financing of the Laguna project, Minco has already received indicative term sheets from more than one lender for an approximate US\$20 million project finance facility, which includes a US\$3 million working capital facility, and which are subject to a number of conditions. Discussions continue with banks and other international lending agencies and the Company anticipates concluding financing of the Laguna project on the satisfactory completion of the tailings disposal review.

A pilot-scale test of the processing methodology in Zacatecas is underway to obtain 'industrial scale' estimates of expected metal recoveries. In parallel, additional

environmental work will be undertaken to ensure that the project is fully documented to meet World Bank and Equator Principal Standards – although as a remediation project, the project’s green credentials are widely recognised and already meet Mexican environmental requirements.

The project management team in Zacatecas has been strengthened with the appointment of Sr. Alejandro Alaniz Segundo, who is a qualified CPA and holds an MBA, as Director of Administration and Finance.

Commenting on the status of the Laguna project Roger Turner, Chairman and CEO, said,

“The detailed review of the Laguna Project, and in particular the tailings disposal facility, has indicated that we can make considerable capital savings on the project. While this will take a little time and puts back the production start date to 2007, we believe the delay will be more than offset by an improved project economics and the reduction in equity capital requirements. Our discussions with banks and lenders have been positive and we continue negotiations in order to secure the best financing deal for our shareholders. The outlook for silver remains very positive, with the silver price currently 50% higher than the base case used in the feasibility study”.

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