

# Minco Plc

## Press Release

### Minco Interim

#### Interim Report for the six months ended 30 June 2006

London: Thursday, 28 September 2006 - AIM-quoted precious and base metals explorer and developer Minco plc ("Minco" or the "Company") is pleased to report its interim results for the six months ended 30 June 2006.

## HIGHLIGHTS

### ZACATECAS – MEXICO - EXPLORATION

- Major zinc and silver sulphide zones discovered below the "near surface" resources at Bilbao. Three drillholes have now intersected a major zone of sulphide mineralisation approximately 25 to 30 metres wide at a depth of approximately 150 metres below surface.
- 14 additional silver-zinc drill targets at El Morro discovered by geochemical surveys and prospecting.
- 4,000 metres of planned 8,000 metre diamond drill programme completed to-date to upgrade and increase Bilbao resources and investigate geochemical targets. Majority of assay results awaited.
- Three drills currently working on Bilbao and El Milagros.
- Exploration licence holdings in Zacatecas region of Mexico increased from 5,700 hectares to 7,100 hectares with the acquisition of up to 75% interest in the Bilbao property in March 2006. Bilbao adjoins the 5,200 hectare 100% owned El Morro property.
- Bilbao historic "near surface" open pit oxide resources at 2.44 million tonnes of 93 grammes per tonne silver and 7.4% combined zinc, copper and lead.

### ZACATECAS – MEXICO – LAGUNA SILVER TAILINGS

- Micon International feasibility study completed.
- 7.93 million tonnes measured and indicated tonnes of resource at 58.76 grammes per tonne silver and 317 grammes per tonne mercury.
- Lower capital cost VAT leach process alternative being pursued for targeted 2007 construction and production. Behre Dolbear consultants review of alternative completed.

### MINERA SISA – DURANGO - MEXICO

- Large claim holding on Sierra Madre epithermal silver gold belt
- 50% shareholding and management with earn-in rights to 90%
- Historic bonanza grade silver deposits and 7,000 metre zone of alteration with silver, zinc, copper, gold mineralization

### PALLAS GREEN – IRELAND

- Extensive zinc – lead massive sulphide mineralization intersected in the Pallas Green Trend, a similar geological setting to the Lisheen and Galmoy mines.
- 4 drills currently working
- 100 drill holes completed to-date with extensive sulphide mineralization over 10 metres in thickness with up to 28.8% zinc and 3.7% lead over 3.7 metre intersection.
- Pallas Green comprises 9 prospecting licences over a 315 square kilometre area in Limerick & Tipperary
- Minco has a 23.6% interest in Pallas Green with JV partner Falconbridge (now Xstrata).
- Minco is one of the largest exploration concession holders in Ireland.

## OUTLOOK

Commenting on the results, Minco's Chairman, Roger Turner, said "Minco has made considerable advances during the first half of 2006.

***"We recently acquired the Bilbao property near Zacatecas in Mexico which has open pit zinc, silver and copper resources. The initial drilling programme intersected 30 metres of massive sulphides beneath the existing resources and we now have three drills working on an 8,000 metre drill programme, 4,000 metres of which has been completed. Assay results are slow but the visual intersections are clear. This, we believe, could be a world class deposit. In Ireland there are four drills working on Pallas Green drilling on a regional basis within the total 315 square kilometre licence area. The understanding of the regional geology is clearer and the machines will now be probing the known areas of mineralisation. We have two potentially world class zinc and silver exploration projects in Ireland and Mexico and all exploration activities are now concentrated on these two properties. We have been investigating the potential of VAT leaching the Laguna tailings and the results of this low capital cost alternative look good. This will resolve some of the environmental and tailings disposal issues we were faced with earlier in the year. During the year the water level in the lake dropped dramatically and an alternative to the dredging operation is now proposed. We are working towards initial silver production by mid 2007. We are also investigating other near term production acquisitions. There have been some disappointments over the early part of the year but I believe the new approach to Laguna and the results from Bilbao and Pallas Green puts these behind us and the future is exciting "***

## MINCO OPERATIONS

### ZACATECAS – MEXICO – EXPLORATION

Minco signed the acquisition agreement with Shoshone Silver Mining Company to acquire a 75% interest in the Bilbao property in March 2006. This property, covering some 1,396 hectares adjoins the 100% owned 5,214 hectare El Morro property already owned by Minco.

Bilbao had been a producing mine until it closed in 1945. Watts, Griffis and McOuat Limited, consulting geologists in Toronto, had estimated the remaining oxide resources at Bilbao, to a depth of 76 metres, to be 2.44 million tonnes containing 3.73 % zinc, 93 grammes per tonne silver, 0.4% copper and 3.27% lead. An open pit mine, with a 2.6:1 stripping ratio, was designed.

On closing the acquisition Minco decided to investigate the potential below the 76 metre horizon for primary sulphide mineralization. Major sulphide and oxide mineralization was encountered. Three drillholes have now intersected a major zone of sulphide mineralisation approximately 25 to 30 metres wide at a depth of approximately 150 metres below surface. These zones contain strongly developed zinc, silver, lead and copper mineralisation which ranges up to approximately 10% combined lead and zinc and as high as 25% combined lead and zinc over more limited widths.

To date a total of 4,000 metres in 18 holes has been completed of a planned 8,000 metre drilling programme. Most of the assay results have not yet been received due to the overload of assay laboratories worldwide. We are following up on this success with three drilling rigs currently deployed at Bilbao and the nearby El Morro / Milagros licences.

Minco now controls a dominant 7,100 hectare land position, within this highly prospective area and our geochemical exploration programme has already located 14 additional drill targets on the El Morro licence which will be followed by drilling.

Minco is excited about this recent development and believe we may have discovered a major "volcanogenic massive sulphide" (VMS) deposit in the vicinity of the Teck Cominco 87 million tonne San Nicolas zinc, silver copper property.

## **ZACATECAS – MEXICO – LAGUNA SILVER TAILINGS**

Over the period, Minco has reviewed the Laguna project in order to optimise financial returns through reduced capital and operating costs. Minco has been able to simplify the project flowsheet through examination of vat-leaching technology which is already well established in the Zacatecas area. At the end of the recent wet-season, the lake remains largely dry and consequently Minco is reviewing the appropriateness of conventional mining in preference to the hydraulic mining methods originally envisaged.

As a result of its reviews, Minco considers that a smaller scale vat-leaching project processing 325,000 tonnes per year of tailings offers the opportunity to move rapidly to project construction and to production from Laguna by mid 2007. As well as providing Minco with a production base, the modular nature of the vat-leaching process lends itself to subsequent incremental expansions funded from cash-flow while maintaining the flexibility to pursue other opportunities as they arise.

## **MINERA SISA – DURANGO – MEXICO**

During the first quarter of the year work at Minco's 50% owned Minera Sisa property in Durango State of Mexico continued with refurbishing and sampling underground workings, drilling and geochemical surveys. Having closed the acquisition of the Bilbao property from the Shoshone Silver Mining Company in March 2006 drilling activity was diverted from Minera Sisa to Bilbao where resources had already been determined by Watts Griffiths & McQuat.

## **PALLAS GREEN – IRELAND**

Drilling at Pallas Green has outlined extensive zinc mineralisation underlying our Pallas Green exploration licences in Ireland. In conjunction with our partner, Falconbridge (now Xtrata), we currently have four drilling rigs in operation to test a portion of the Pallas Green Alteration Trend, a zone of structural and hydrothermal complexity which extends over a distance of more than 20 km. This zone is analogous to the Rathdowney Trend which hosts the Lisheen and Galmoy zinc deposits. Significant zinc mineralisation has now been discovered at the eastern end of the Pallas Green Alteration Trend at Castlegarde and near the western end adjacent to Srahane and Caherconlish.

## **METAL PRICES**

During the period under review, the London silver price rose by 18% to \$10.70/oz on 30<sup>th</sup> June. Since then, despite continuing volatility, silver prices have stabilised and currently stand at approximately \$11/oz. Most base metals prices have also performed strongly with zinc and copper prices rising by 71% and 65% respectively during the six months to 30<sup>th</sup> June 2006. Both zinc and copper prices have continued on a rising trend in recent weeks and currently stand at \$3,430/t and \$7,679/t – respectively some 79% and 69% above the prices at the beginning of 2006.

Although the lead price exhibited a seasonal decline in price during the first half of the year, lead currently stands at \$1,413/tonne, 28% above the price at the beginning of the year.

## **QUALIFIED PERSON**

The information presented in this press release has been reviewed and verified by Mr. Terence N McKillen, B.A. (mod), M.A., M.Sc., P.Geo, Director of Exploration and Business Development. Mr. McKillen is the Qualified Person for the purposes of the AIM Guidance Note on Mining, Oil and Gas Companies dated March 2006. Mr. McKillen is a graduate in Geology from Trinity College Dublin and holds a Master of Science degree in Economic Geology from the University of Leicester in the UK. He has over 38 years of exploration experience.

Roger Turner  
Chairman  
28 September 2006

## Financial Information (unaudited)

### Consolidated Profit & Loss Account 6 Months Ended June 2006

|                                     | 6 Months ended<br>Friday, June 30, 2006 |                | 6 Months ended<br>Thursday, June 30,<br>2005 |                | Year ended<br>Saturday, December<br>31, 2005 |                |
|-------------------------------------|---|----------------|--|----------------|--|----------------|
|                                     | €000                                    | \$000          | €000   | \$000          | €000   | \$000          |
| General and administration expenses | (424)                                   | (519)          | (482)  | (679)          | (1,029)                                      | (1,314)        |
| Foreign exchange gain/(loss)        | (118)                                   | (145)          | 320  | 488            | 376  | 479            |
|                                     | <b>(542)</b>                            | <b>(664)</b>   | <b>(162)</b>                                 | <b>(191)</b>   | <b>(653)</b>                                 | <b>(835)</b>   |
| <b>Operating loss</b>               |   |                |  |                |  |                |
| - Continuing activities             | <b>(542)</b>                            | <b>(664)</b>   | <b>(162)</b>                                 | <b>(191)</b>   | <b>(653)</b>                                 | <b>(835)</b>   |
| Interest income                     | 86                                      | 105            | 86   | 108            | 132  | 169            |
| <b>Loss before taxation</b>         | <b>(456)</b>                            | <b>(559)</b>   | <b>(76)</b>                                  | <b>(83)</b>    | <b>(521)</b>                                 | <b>(666)</b>   |
| Taxation                            |   |                |  |                | (22)   | (28)           |
| <b>LOSS AFTER TAXATION</b>          | <b>(456)</b>                            | <b>(559)</b>   | <b>(76)</b>                                  | <b>(83)</b>    | <b>(543)</b>                                 | <b>(694)</b>   |
| <b>Loss per share</b>               | <b>(0.29c)</b>                          | <b>(0.35c)</b> | <b>(0.01c)</b>                               | <b>(0.01c)</b> | <b>(0.39c)</b>                               | <b>(0.50c)</b> |

### Consolidated Balance Sheet As at 30 June 2006

| Notes                 | 30 June 2006 |              | 30 June 2005 |              | 31 December 2005 |              |
|-----------------------|--------------|--------------|--------------|--------------|------------------|--------------|
|                       | €000         | \$000        | €000         | \$000        | €000             | \$000        |
| <b>FIXED ASSETS</b>   |              |              |              |              |                  |              |
| Intangible Assets     | 12,650       | 14,164       | 9,864        | 10,947       | 11,310           | 12,674       |
| <b>CURRENT ASSETS</b> |              |              |              |              |                  |              |
| Cash and bank         | 3,782        | 4,757        | 3,779        | 4,486        | 5,562            | 6,643        |
| Debtors               | 197          | 248          | 58           | 69           | 88               | 104          |
|                       | <b>3,979</b> | <b>5,005</b> | <b>3,837</b> | <b>4,555</b> | <b>5,650</b>     | <b>6,747</b> |
| <b>CREDITORS</b>      |              |              |              |              |                  |              |

|                                    |               |               |         |         |         |         |
|------------------------------------|---------------|---------------|---------|---------|---------|---------|
| Amount falling due within one year | (598)         | (752)         | (826)   | (992)   | (666)   | (795)   |
| <b>NET CURRENT ASSETS</b>          | <b>3,381</b>  | <b>4,253</b>  | 3,011   | 3,563   | 4,984   | 5,952   |
| <b>NET ASSETS</b>                  | <b>16,031</b> | <b>18,417</b> | 12,875  | 14,510  | 16,294  | 18,626  |
| <b>CAPITAL &amp; RESERVES</b>      |               |               |         |         |         |         |
| Called-up share capital            | 4,380         | 4,449         | 4,106   | 4,126   | 4,365   | 4,431   |
| Share premium account              | 17,850        | 20,936        | 14,133  | 16,554  | 17,604  | 20,639  |
| Share option reserve               | 6 165         | 208           | 104     | 125     | 132     | 158     |
| Profit and loss account - deficit  | (6,410)       | (7,218)       | (5,512) | (6,334) | (5,853) | (6,644) |
| Capital conversion reserve fund    | 44            | 39            | 44      | 39      | 44      | 39      |
| <b>SHAREHOLDERS' FUNDS</b>         | <b>16,029</b> | <b>18,414</b> | 12,875  | 14,510  | 16,292  | 18,623  |
| <b>MINORITY INTEREST</b>           | <b>2</b>      | <b>3</b>      | -       | -       | 2       | 3       |
|                                    | <b>16,031</b> | <b>18,417</b> | 12,875  | 14,510  | 16,294  | 18,626  |

Analysed as:

|                   |               |               |        |        |        |        |
|-------------------|---------------|---------------|--------|--------|--------|--------|
| <b>EQUITY</b>     | <b>13,618</b> | <b>15,383</b> | 10,462 | 11,476 | 13,881 | 15,592 |
| <b>NON-EQUITY</b> | <b>2,413</b>  | <b>3,034</b>  | 2,413  | 3,034  | 2,413  | 3,034  |
|                   | <b>16,031</b> | <b>18,417</b> | 12,875 | 14,510 | 16,294 | 18,626 |

#### Consolidated Cash Flow Statement

As at 30 June 2006

|   | Notes | 6 Months ended<br>Friday, June 30,<br>2006 |              | 6 Months ended<br>Thursday, June<br>30, 2005 |       | Year ended<br>Saturday, December<br>31, 2005 |       |
|---|-------|--|--------------|--|-------|--|-------|
|   |       | €000                                       | \$000        | €000   | \$000 | €000   | \$000 |
| Operating loss  |       | (542)                                      | (664)        | (162)  | (191) | (653)  | (835) |
| Add: Share based payments                               | 6     | 33   | 50           | 28   | 35    | 56   | 71    |
| Operating Cash flow before movements in working capital |       | (509)                                      | (614)        | (134)  | (156) | (597)  | (764) |
| (Decrease)/Increase in Creditors                        |       | (68)                                       | (44)         | 283  | 252   | 102  | 28    |
| (Increase)/decrease in Debtors                          |       | (109)                                      | (143)        | (14)   | (10)  | (44)   | (45)  |
| <b>Net Cash Outflow from operating activities</b>       |       | <b>(686)</b>                               | <b>(801)</b> | 135  | 86    | (539)  | (781) |
| <b>Returns on investments and servicing of finance</b>  |       |  |              |  |       |  |       |
| Interest received                                       |       | 86   | 105          | 86   | 108   | 132  | 169   |

**Capital expenditure and financial investment**

|   |         |         |         |         |         |         |
|---|---------|---------|---------|---------|---------|---------|
| Payment in respect of intangible assets | (1,079) | (1,175) | (3,334) | (4,181) | (4,781) | (5,908) |
|---|---------|---------|---------|---------|---------|---------|

|  |              |                |                |                |                |                |
|--|--------------|----------------|----------------|----------------|----------------|----------------|
| <b>Net Cash outflow from capital investment and financial investment</b> | <b>(993)</b> | <b>(1,070)</b> | <b>(3,248)</b> | <b>(4,073)</b> | <b>(4,649)</b> | <b>(5,739)</b> |
|--|--------------|----------------|----------------|----------------|----------------|----------------|

**Acquisitions and disposals**

|                          |   |   |     |     |     |     |
|--------------------------|---|---|-----|-----|-----|-----|
| Purchase of subsidiaries | - | - | (2) | (2) | (2) | (2) |
|--------------------------|---|---|-----|-----|-----|-----|

|   |          |          |            |            |            |            |
|---|----------|----------|------------|------------|------------|------------|
| <b>Net Cash Outflow from acquisitions and disposals</b> | <b>-</b> | <b>-</b> | <b>(2)</b> | <b>(2)</b> | <b>(2)</b> | <b>(2)</b> |
|---|----------|----------|------------|------------|------------|------------|

|  |                |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Net Cash Outflow before use of liquid resources and financing</b> | <b>(1,679)</b> | <b>(1,871)</b> | <b>(3,115)</b> | <b>(3,989)</b> | <b>(5,190)</b> | <b>(6,522)</b> |
|--|----------------|----------------|----------------|----------------|----------------|----------------|

**Financing**

|                               |   |   |     |     |       |       |
|-------------------------------|---|---|-----|-----|-------|-------|
| Share Capital issued for cash | - | - | 296 | 429 | 4,026 | 4,819 |
|-------------------------------|---|---|-----|-----|-------|-------|

|  |          |          |            |            |              |              |
|--|----------|----------|------------|------------|--------------|--------------|
| <b>Net Cash In Flow from financing</b> | <b>-</b> | <b>-</b> | <b>296</b> | <b>429</b> | <b>4,026</b> | <b>4,819</b> |
|--|----------|----------|------------|------------|--------------|--------------|

|   |       |      |      |         |    |       |
|---|-------|------|------|---------|----|-------|
| Effect of foreign exchange rate changes | (100) | (15) | (46) | (1,106) | 82 | (803) |
|---|-------|------|------|---------|----|-------|

|                         |                |                |                |                |                |                |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Decrease in cash</b> | <b>(1,779)</b> | <b>(1,886)</b> | <b>(2,865)</b> | <b>(4,666)</b> | <b>(1,082)</b> | <b>(2,506)</b> |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|

**Consolidated Statement of Total Recognised Gains and Losses**

As at 30 June 2006

|   | 6 Months ended<br>Friday, June 30,<br>2006 |              | 6 Months ended<br>Thursday, June<br>30, 2005 |                | Year ended<br>Saturday, December<br>31, 2005 |                |
|---|--|--------------|--|----------------|--|----------------|
|   | €000                                       | \$'000       | €000   | \$'000         | €000   | \$'000         |
| Loss for the period   | (456)                                      | (559)        | (76)   | (83)           | (521)  | (666)          |
| Exchange (losses) / gains on foreign currency net investments | (100)                                      | (15)         | (46)   | (1,106)        | 82   | (803)          |
| <b>Total recognised losses for the period</b>                 | <b>(556)</b>                               | <b>(574)</b> | <b>(122)</b>                                 | <b>(1,189)</b> | <b>(439)</b>                                 | <b>(1,469)</b> |

Notes:

1. The company has changed the reporting currency from Euros to US Dollars effective January 1, 2006 and the resulting increase in Total Recognised Gains of \$ 483,000 have been credited to the Profit and loss account - deficit.
2. No dividend is proposed in respect of the period.
3. The calculations of loss per share have been based on the retained loss after taxation for the period and on a weighted average ordinary shares of 159,673,580 (Jun 2005 - 136,129,847 & Dec 2005- 139,801,640 ordinary shares) in issue during the period.

4. The un-audited results have been prepared on a going concern basis and on the basis of the accounting policies adopted in the audited accounts for the year ended 31 December 2005 presented for ease of comparison in Euros and US Dollars.
5. The interim report is un-audited and does not constitute Statutory Accounts as defined in S.148 of the Companies Act 1963. A copy of the Group's 2005 Statutory Accounts has been filed with the Irish authorities. The auditors' opinion on these statutory Financial Statements was unqualified.
6. FRS 20 'Share-based Payments' requires the recognition of share-based payments (which in the case of the group during the period are share options only) at fair value at the date of grant. Prior to the adoption of FRS 20, the group did not recognise the financial effect of share-based payments. In accordance with the transitional provisions of FRS 20, the standard has been applied retrospectively to all grants of share options after 29 July 2003 which had not vested by 1 January 2006. The fair value of the options to be expensed has been determined by a Black-Scholes option pricing model using a volatility factor of 69.16% and an option life of 7 years as the significant assumptions.

For the 6 months ended 30 June 2006, the adoption of the new accounting policy has resulted in a charge of US\$ 50,000 (€33,000) (2005 - originally nil, US\$ 71,000 or €56,000 when restated) to the profit and loss account. The balance sheet at 31 December 2005 has been restated to reflect share-based payments prior to 1 January 2006 of US\$ 158,000 (€132,000), resulting in a cumulative adjustment of US\$ 208,000 (€165,000) in June 2006 shown as share option reserve in the Balance Sheet under Capital & Reserves.

7. The Interim Report for the six months to 30 June 2006 was approved by the Directors on 25 September 2006.

Copies of this announcement will be sent to shareholders and will be available for inspection at the Company's registered office at 65-68 St Stephen's Green, Dublin 2, Ireland.

**About Minco:**

Minco PLC is an AIM quoted precious and base metals exploration and development company with silver projects in Mexico and zinc exploration in Ireland.

**For further information, [www.minco.ie](http://www.minco.ie) or contact:**

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