

# Minco Plc

## Press Release

### COMPLETION OF PRE-FEASIBILITY STUDY SUBSTANTIATES THE ECONOMIC VIABILITY OF A ZINC LEAD SILVER OPERATION AT BILBAO

London, 15 March 2007 - Minco plc (MIO), the London AIM quoted precious and base metals exploration and development company announces the completion of an independent pre-feasibility study on the development of zinc, lead, copper and silver sulphide resources at its Bilbao Project in the state of Zacatecas in Mexico.

#### Highlights

- NPV \$47.7 million, using conservative metal prices and a 10% discount rate
- Project IRR of 37% at a rapid payback of 2 years and 2 months
- 8 year life-of mine operation
- Deposit remains open to the south and west
- Nearby exploration licences provide possibilities for life extensions

#### Chairman's Comment

Commenting on the announcement, Roger Turner, Executive Chairman and CEO of Minco said *"I am delighted that our exploration team has brought the Bilbao project to a pre-feasibility study only 12 months after we acquired our interest in the property and drilling which commenced in April. In Bilbao, Minco has a project which can be brought rapidly to production using established mining and processing techniques. The project is clearly robust at conservative commodity prices and our priority now is to bring it in to production as soon as possible."*

#### Key Project Information

The following table summarises the principal assumptions and conclusions of the study, which is available, in full, on the Minco website at [www.minco.ie](http://www.minco.ie), under the "Latest News" tab.

	Base Case	Pessimistic Case	Optimistic Case
<b>Metal Prices</b>			
Zinc US\$/lb	1.25	1.00	1.50
Lead US\$/lb	0.60	0.40	0.80
Silver US\$/oz	11.00	8.00	14.00
<b>Production Rate</b> tonnes/year	330,000	330,000	330,000
<b>Metal Production</b> (in concentrate)			
Zinc (tonnes)	11,660	11,660	11,660
Lead (tonnes)	7,300	7,300	7,300
Silver (oz)	745,000	745,000	745,000
<b>Operating Cost</b> US\$/tonne treated	US\$35.40	US\$35.40	US\$35.40
<b>Capital Cost</b>	US\$43.3m	US\$43.3m	US\$43.3m
<b>Net Present Value</b> (10% discount)	US\$47.65m	US\$10.60m	US\$84.70m

<b>Internal Rate of Return</b>	37.3%	16.7%	56.0%
<b>Payback (Years)</b>	2.1	4.0	1.3

The pre-feasibility study was completed under the direction of an independent consulting engineer, Mr Al Summers, a former Vice-President of Operations for Hecla Mining Inc with extensive mining experience in Mexico.

The study addresses only the sulphide part of the resource which, as the following table, extracted from the full report shows, represents only around 40% of the combined oxide and sulphide resource of approximately 5.8million tonnes. The resources have been prepared by independent consultants. The “mixed and sulphide” resource has been generated, by Mining Exploration and Geosystem Associates (MEGA), using “Datamine” software and manually cross-checked by a further independent expert.

	<b>Tonnes</b>	<b>Zn %</b>	<b>Cu %</b>	<b>Pb %</b>	<b>Ag g/t</b>
<b>OXIDE RESOURCES (Kilborn &amp; MEGA)</b>	3,670,384	3.28	0.34	2.61	85.0
<b>MEGA MIXED &amp; SULPHIDE RESOURCES</b>	2,117,079	4.25	0.25	2.75	86.3
<b>TOTAL RESOURCE</b>	<b>5,787,463</b>	<b>3.64</b>	<b>0.31</b>	<b>2.66</b>	<b>85.4</b>

Metallurgical and mineralogical test-work is continuing in order to firm up the characteristics of the sulphide mineralisation and to establish the optimum flowsheet for treatment of the oxide resources, which would be amenable to open-pit mining.

The study uses current international smelter contract terms and assumes that concentrates are shipped by road to local smelters in Mexico. The Bilbao site is strategically located approximately 50 km east of the city of Zacatecas and some 5 km from the main highway between San Luis Potosi and has ready access to the electricity supply grid.

### **Oxide Resource**

Work by Kilborn Engineering in 1997 on behalf of previous owners of the property examined open pit mining of 2.44 million tonnes of oxide ores, however, it only envisaged recovering zinc and copper. Minco commissioned Behre Dolbear to review and update this report and this review recommended a series of testwork programmes to determine the method for the recover of the silver and lead. These programmes are part of Minco’s ongoing work programme.

### **Project Economics**

The project is economically robust and in the “Optimistic Case” economic analysis, base metal prices are below the current market prices for lead and zinc. If these prices were realized during the life of the mine the project payback period would be 1.3 years and the net present value would be US\$84.7 million. Analysis shows that the project is most sensitive to revenue with a 20% change generating a 60% change in the NPV discounted at 10%. Changes of 20% in either capital or operating costs result in changes in NPV of approximately 20%.

## **Future Timetable**

The report recommends a further 10-12 month programme of drilling to upgrade and increase the oxide and sulphide resources and an 18 month period of construction during which time a 1.5 km long access ramp will be excavated to provide underground access to the sulphide ore zones.

## **QUALIFIED PERSON**

*The above information has been reviewed and verified by Mr. Roger Turner, CEO and Chairman of Minco, for the purposes of the Guidance Note for Mining, Oil and Gas Companies issued by the London Stock Exchange in March 2006. Mr. Turner, with 40 years of mining engineering, management and consulting experience, graduated as a mining engineer from the Camborne School of Mines, has an M.Sc. degree in Economic Geology from Leicester University and is a member in good standing with the Institute of Materials, Minerals and Mining and a UK Chartered Engineer.*

## **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:**

Roger Turner: Executive Chairman	+44 (0)20 7397 8155
Terence McKillen: Director of Exploration & Business	+1 416 362 8243/6686
Simon Beardsmore: Commercial Manager	+44 (0)20 7397 8159
Chris Rollason: (UK NOMAD) Collins Stewart	+44 (0)20 7523 8350
Nick Bias: (UK IR & PR) BuckBias	+44 (0)7887 920 530
Tom McCormack (Ireland PR) ConneXions	+353 (0)1 230 3015