# Minco Plc

## REPORTS FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2006

London: 10th May 2007 – Minco plc (MIO) is pleased to report its final results for the year ended 31st December 2006. Considerable success at two important projects has focussed Minco's efforts towards early production and cashflow from Bilbao in Mexico and further exploring the Caherconlish zinc / lead discovery in the Pallas Green licence area, Ireland.

- The year has seen significant advances at the company's 75% owned Bilbao project with Shoshone Silver Mining near Zacatecas, Mexico, where we published an initial sulphide resource estimate in January and a recently-completed pre-feasibility study has demonstrated a robust project capable of producing lead and zinc concentrates with by-product silver from an underground mining operation. The company is now moving towards a full "bankable Feasibility" study with a view to bringing Bilbao to production as expeditiously as possible.

- The company is also greatly encouraged by continuing success at its Pallas Green joint-venture with Xstrata in Ireland where Minco holds a 24% interest in an extensive lead-zinc exploration area in the southern part of the Midland orefield between Limerick and Tipperary. With around 70% of the licence area still to be explored, five mineralised sulphide lenses have been discovered and Minco recently reported the highest grade drill intersection encountered so far at Pallas Green with a combined lead / zinc grade of 34.6% over 2.25metres.

- In the light of lower than expected recoveries from vat leaching testwork and the need to develop an effective mining method now that the lake is dry means that the Laguna tailings re-treatment is no longer the flagship project for the company. Although Minco continues to explore ways to bring Laguna to production in an efficient and environmentally responsible manner, the company believes that the interests of shareholders will be better served by the development of production at Bilbao and the pursuit of further exploration success at Pallas Green. Similarly, further work at Minera Sisa will be deferred, in the short term, to the development of Bilbao.

Commenting on the results, Chairman and CEO, Roger Turner said "The important achievement of our exploration team in Mexico allowed us to complete a pre-feasibilty study and 9,000 metres of drilling on the Bilbao project less than a year after we acquired our interest in the property and has given Minco a project which can be brought rapidly to production using established mining and processing techniques. Pallas Green, meanwhile, holds out the tantalising prospect of hosting a new deposit comparable to those already in production at the nearby Lisheen and Galmoy mines in Ireland."

**Highlights**

- **Completion of the Bilbao sulphide pre-feasibility study demonstrates an economically viable and technically robust project which can be fast-tracked to production**
- **Additional upside is available through exploitation of the overlying oxide ores at Bilbao if further testwork demonstrates the viability of recovering silver and lead as well as zinc**
- **Recent drilling at Pallas Green has intersected the highest metal grades encountered so far and drilling activity is being stepped up with five drilling rigs to be deployed by early May**

## Consolidated Profit and Loss Account for the Year Ended 31 December 2006

| | Year ended 31 December 2006 | | Year ended 31 December 2005 | |
|---|---|---|---|---|
| | **US$'000** | **€'000** | **US$'000** | **€'000** |
| General and administration expenses | **(1,041)** | **(828)** | (1,314) | (1,029) |
| Foreign exchange (loss)/gain | **(127)** | **(101)** | 479 | 376 |
| | **(1,168)** | **(929)** | (835) | (653) |
| **Operating loss** | | | | |
| - Continuing activities | **(1,168)** | **(929)** | (835) | (653) |
| Interest income | **150** | **120** | 169 | 132 |
| **Loss before taxation** | **(1,018)** | **(809)** | (666) | (521) |
| Taxation | **-** | **-** | (28) | (22) |
| **LOSS AFTER TAXATION** | **(1,018)** | **(809)** | (694) | (543) |
| **Basic and diluted loss per share** | **(0.64c)** | **(0.51c)** | (0.50c) | (0.39c) |

The results above are derived from continuing activities.

## Consolidated Balance Sheet as at 31 December 2006

| | 31 December 2006 | | 31 December 2005 | |
|---|---|---|---|---|
| | **US$'000** | **€'000** | **US$'000** | **€'000** |
| **FIXED ASSETS** | | | | |
| Intangible assets | **17,057** | **14,955** | 12,526 | 11,310 |
| **CURRENT ASSETS** | | | | |
| Cash and bank | **1,842** | **1,395** | 6,643 | 5,562 |
| Debtors | **91** | **88** | 105 | 88 |
| | **1,933** | **1,483** | 6,748 | 5,650 |
| **CREDITORS** | | | | |
| Amount falling due within one year | **(694)** | **(544)** | (796) | (666) |
| **NET CURRENT ASSETS** | **1,239** | **939** | 5,952 | 4,984 |
| **NET ASSETS** | **18,296** | **15,894** | 18,478 | 16,294 |
| **CAPITAL & RESERVES** | | | | |
| Called-up share capital | **4,449** | **4,380** | 4,431 | 4,365 |
| Share premium account | **20,936** | **17,850** | 20,639 | 17,604 |
| Revenue reserves | **365** | **141** | 1,292 | 83 |
| Share option reserve | **168** | **141** | 158 | 132 |
| Profit and loss account - deficit | **(7,664)** | **(6,664)** | (8,083) | (5,936) |
| Capital conversion reserve fund | **39** | **44** | 39 | 44 |
| **SHAREHOLDERS' FUNDS** | **18,293** | **15,892** | 18,476 | 16,292 |
| **MINORITY INTEREST** | **3** | **2** | 2 | 2 |

| | | | | |
|---|---|---|---|---|
| | **18,296** | **15,894** | 18,478 | 16,294 |
| **Analysed as:** | | | | |
| **EQUITY** | **15,882** | **13,480** | 16,064 | 13,881 |
| **NON-EQUITY** | **2,413** | **2,413** | 2,413 | 2,413 |
| | **18,296** | **15,894** | 18,478 | 16,294 |

# Consolidated Cash Flow Statement for the Year Ended 31 December 2006

| | Year ended 31 December 2006 | | Year ended 31 December 2005 | |
|---|---|---|---|---|
| | **US$'000** | **€'000** | **US$'000** | **€'000** |
| **Net cash outflow from operating activities** | **(882)** | **(769)** | (1,584) | (456) |
| **Returns on investments and servicing of finance** | | | | |
| **Interest received** | **150** | **120** | 169 | 132 |
| **Capital expenditure and financial investment** | | | | |
| **Payment in respect of intangible assets** | **(4,216)** | **(3,385)** | (5,907) | (4,781) |
| **Net cash outflow from capital investment and financial investment** | **(4,066)** | **(3,265)** | (5,738) | (4,649) |
| **Acquisitions and disposals** | | | | |
| **Purchase of subsidiary** | **-** | **-** | (3) | (2) |
| **Net cash outflow from acquisitions and disposals** | **-** | **-** | (3) | (2) |
| **Net cash outflow before use of liquid resources and financing** | **(4,948)** | **(4,034)** | (7,325) | (5,107) |
| **Financing** | | | | |
| **Share capital issued for cash** | **-** | **-** | 4,819 | 4,025 |
| **Cost of issue of share capital** | **-** | **-** | - | - |
| **Net cash flow from financing** | **-** | **-** | 4,819 | 4,025 |
| **Decrease in cash** | **(4,948)** | **(4,034)** | (2,506) | (1,082) |

# Consolidated Statement of Total Recognised Gains and Losses for the Year Ended 31 December 2006

| | Year ended 31-Dec-06 | | Year ended 31-Dec-05 | |
|---|---|---|---|---|
| | **US$'000** | **€'000** | **US$'000** | **€'000** |

| | | | | |
|---|---|---|---|---|
| Loss for the period | **(1,018)** | **(810)** | (666) | (490) |
| Exchange gains/(losses) on foreign currency Net investments | **365** | **141** | 1,292 | 85 |
| **Total recognised (losses)/gains for the period** | **(653)** | **(669)** | 626 | (404) |

# Notes:

**1** These do not constitute statutory accounts as defined in the Companies Acts. Statutory accounts for the year ended 31 December 2006 together with a report from the auditors will be filed with the Irish regulatory authorities in due course.

**2** 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 $285,000 has been credited to the Profit & loss account- deficit. Figures have been presented both in Euros and US Dollars for ease of comparison.

**3** 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. 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 had been determined using the Black Scholes option pricing model using a volatility factor of 65.28% and an option life of 7 years as the significant assumptions.

For the year ended 31 December 2006, the adoption of the new accounting policy has resulted in a charge of US$ 10,000 (€8,000) (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$ 168,000 (€ 140,000) in December 2006 shown as share option reserve in the Balance Sheet under Capital & Reserves.

**4** The Directors have decided not to pay dividend.

**5** Basic earnings per share is computed by dividing the profit or loss after taxation for the period available to ordinary shareholders by the sum of the weighted average number of ordinary shares in issue and ranking for dividend during the period. Diluted earnings per share is computed by dividing the profit or loss after taxation for the period by the weighted average number of ordinary shares in issue, adjusted for the effect of all dilutive potential ordinary shares that were outstanding during the period.

For the year ended 31 December 2006 (and 2005) the basic and diluted loss per share was the same, as the effect of the outstanding share options was anti-dilutive, and was therefore excluded.

The computation for basic and diluted earnings per share (EPS) is as follows:

| | **31.12.2006** | | 31.12.2005 | |
|---|---|---|---|---|
| | **$'000** | **€'000** | $'000 | €'000 |
| **Numerator** | | | | |
| Numerator for EPS – loss | **(1,018)** | **(809)** | (694) | (490) |
| **Denominator** | | | | |
| Denominator for basic and diluted EPS (No. of shares) | | **160,041,000** | | 139,802,000 |
| **Basic and Diluted EPS** | **(0.64c)** | **(0.51c)** | (0.50c) | (0.35c) |

The annual report and accounts for the company for the year ended 31 December 2006 will be posted to shareholders on or before 30 June 2006 and copies of report and accounts will be available from that date at Company’s registered office at 65-68 St Stephen’s Green, Dublin 2, Ireland.