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## White Rock Scoping Study confirms Viable Project

Anglesey Mining plc is pleased to report that it has received a Scoping Study for the separate development of White Rock at its Parys Mountain Mine in North Wales from Micon International Co Ltd (Micon). The study indicates that, even as a stand alone operation, White Rock is a viable project and can make significant positive cash return and will pave the way for the subsequent development of the Engine Zone at Parys Mountain. This study follows from the JORC resource estimate on White Rock prepared by Micon announced in February 2007.

The key points from the Study are:

- Sufficient 'mineable resource' to sustain initial production from White Rock for in excess of 5 years at a rate of 500 tonnes per day.
- Total operating cash flow of approximately £23 million could be generated before return of capital.
- Total capital costs including decline access, studies and engineering, mine plant, infrastructure and a 500 tonnes per day mill forecast at £15 million.
- Access to the orebody through a decline from surface with first intersection at a vertical depth of only 35 metres.
- Operating costs forecast at £30.25 per tonne.
- Additional White Rock 'mineable resource' could be generated from a programme of underground drilling.

Bill Hooley, Executive Director of Anglesey commented; *"We are very pleased that the well respected international consultant Micon concurs with our views on the viability of White Rock, and with its role as a stepping stone to the development of the entire resource base at Parys Mountain.*

*White Rock is not regarded as a stand-alone project but the precursor to larger scale mining. It will form the first part of a phased approach to the development of these further resources that should ensure a continuity of production at Parys Mountain for many years to come.*

*Financing for the development of these resources will also be phased and we are currently in discussions regarding the finance necessary to commence the decline development and commission the bankable feasibility study.*

*It remains the company's intention to commence underground mining at White Rock during 2007 with the initial production of concentrates from a newly constructed mill beginning during 2008."*

### The Study

The Scoping Study built on the resource estimate published in February 2007. Within this estimate a JORC indicated resource on White Rock above the 280 metre level at a cut-off grade of 3.3% zinc equivalent was shown as follows:

**1.18 million tonnes at 0.38% Cu, 2.47% Pb, 4.68% Zn, 41 g/t Ag and 0.38 g/t Au**

This formed the basis of the Scoping Study and from it a 'mineable resource' of 870,000 tonnes was estimated (see Compliance later). Some detailed mine planning was carried out to determine access development and production stopping options. The most effective

mining method was retreat long-hole open stoping using trackless equipment with truck haulage of ore through a decline to surface. Initial access was assumed to be by contractor down to a vertical depth of 80 metres. This would include the development of the first set of stopes. Thereafter it was assumed that the company will purchase its own underground mining equipment and carry out all remaining underground work including driving the decline to a depth of 170 metres. Costs for this were generated from first principles, from budget quotations, and from experience.

As part of the Study, Micon oversaw metallurgical testwork on White Rock material as well as additional testwork on Engine Zone material. As a result of this and earlier work, Micon generated a preliminary flow diagram to enable the production of copper, lead and zinc concentrates. It had been agreed that the initial treatment rate would be set at 500 tonnes per day to match the 'mineable resource.' Based on the testwork and the flow diagram and using its own data-base, budget quotations and standard factors, capital and operating costs for processing were made by Micon. The process plant capital estimate was based on all new equipment and included a 20% contingency.

Micon estimated general and administrative operating costs, and capital cost estimates for other infrastructure facilities were supplied by the company.

The initial capital estimate to carry out a bankable study, drive the decline, construct the mill, and put in place the necessary infrastructure is £15 million including mill contingency. It was assumed that this would be partially offset by grants from the Welsh Assembly Government. Operating cost estimates of £12.00 per tonne for mining, £16.30 per tonne for processing and £1.95 per tonne for G&A were made. Process recovery and NSR payments were generated from the metallurgical testwork and from current smelter terms. These, together with a forecast of metal prices equivalent on a weighted average basis to 80% of current prices, were applied to the 'mineable resource' grades to produce a revenue forecast.

The net of these estimates indicates that this first phase of White Rock could produce an operating cash surplus of £23 million before of return of capital. Importantly this surplus includes the development of the mine to 170 metres below surface and for the construction of a 500 tpd mill that will be the basis for all future ore treatment.

### **Further Work**

Given this positive outcome, the company is encouraged to proceed with the early development of the decline access in parallel with the commissioning of a bankable feasibility study. Driving the decline at this time will reduce the overall development programme and accelerate first concentrate production, and will provide important additional data for use in the bankable study. This will also be an important step in establishing the credentials of the company as a mine operator. Parys Mountain would become the first new metaliferrous mine in the UK for over 30 years.

Now that the Scoping Study has been received the company is actively seeking the finance required to advance both the decline and the bankable study as soon as practicable.

### **The Longer Term**

Development of White Rock is the first in a staged development programme designed to bring Parys Mountain into production and is the key to moving forward to the next stages. In addition to any other White Rock resources that may be upgraded, the Engine Zone resource at Parys Mountain remains the next major prize. In 1990 the Robertson Group made an estimate of the indicated Engine Zone resource of:

**1.41 million tonnes at 1.99% Cu, 3.42% Pb, 6.65% Zn, 99 g/t Ag and 0.79 g/t Au**

This is a larger and significantly higher grade resource than White Rock.

In addition Robertson also made an estimate of some **4.2 million tonnes of inferred resources** most of which is located deeper and to the east of the Morris Shaft.

The underground development planned for White Rock as well as the mill constructed on site will all be utilised in the production from the Engine Zone. It is expected that additional underground development will be put in place during the White Rock production period to access and deepen the Morris Shaft to allow it hoist Engine Zone ore, and

provision has been made in the mill design and costing for some oversized items and for ease of expansion. This will largely be paid for using the surplus cash generated from White Rock, and this will allow a seamless continuation of production from White Rock to the higher grade Engine Zone.

Ultimately it is expected that during production from the Engine Zone indicated resource, underground development will be driven to the inferred resource area and also to the Garth Daniel area, most of which is not included in the Robertson resource estimate. This will allow for production from Parys Mountain to continue for many years into the future.

## **Compliance**

The results of the Scoping Study should not be read to be to at a level consistent with a bankable study and the 'mineable resources' should not be read as reserves. The level of detail used to generate the capital and operating cost estimates whilst sufficient for a Scoping Study are insufficient to enable resources to be converted to reserves. In addition a number of 'Modifying Factors' including health, safety and the environment, tailings management, marketing, legal aspects and social and government issues were not included in the study all of which would be required to enable conversion.

## **About Anglesey Mining**

Anglesey Mining plc is a UK based company established in 1984, listed on the London Stock Exchange with two major projects under active development towards mining production.

In addition to the Parys Mountain property, the company holds an 80% direct interest in the Labrador Iron Ore Project in Canada. Anglesey has completed an initial Feasibility Study on this project and has elected to continue with its development by putting a mine into production at a rate of 1 million tonnes per annum. The project is based on a resource of 100 million tonnes of direct shipping hematite iron ore previously developed by the Iron Ore Company of Canada. The company has indicated that it is considering a number of options for financing the Labrador project including a separate flotation of these Canadian operations.

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