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### **Update on Mauro tailings dam litigation**

London, 7 May 2008

Antofagasta plc announces that, in accordance with a conciliation procedure of the Chilean Supreme Court, Minera Los Pelambres and the claimants to the litigation concerning the validity of a sectoral permit issued in 2005 by the Chilean Water Authority (Dirección General de Aguas) for the construction of the Mauro tailings dam have reached a binding settlement concerning that and other related cases relating to water rights. The Chilean Water Authority is expected to agree to the settlement which is also expected to be approved by the Supreme Court shortly. As explained below resolution of a separate case concerning land ownership remains outstanding.

Under the terms of this settlement, which was signed today before the Supreme Court, the claimants have agreed to withdraw their claims in this and other related cases concerning water rights which have been brought against various governmental authorities and (in one case) directly against Minera Los Pelambres. The claimants have also acknowledged that the Chilean Water Authority is the competent authority to issue the relevant sectoral permit. The Chilean Water Authority is expected to consent in this settlement to the withdrawal of the cases to which it is a party and the governmental authorities involved in the other cases are also expected to consent shortly. As part of the settlement, Minera Los Pelambres will pay an amount of US\$23 million to the claimants in order to acquire an area of land of approximately 8,000 hectares and related water rights adjacent to the Mauro tailings dam belonging to one of the claimants and for the settlement of the various cases. Payment will be made to the claimants when all these cases have been formally withdrawn and ownership of the land and water rights has been acquired.

The settlement of these claims, which also includes the lifting of the injunction of 24 August 2007 in which Minera Los Pelambres was ordered to suspend certain works which would directly affect the Pupio stream at El Mauro, will enable Minera Los Pelambres to complete construction of the Mauro tailings dam, which is currently over 98 per cent complete. The Mauro tailings dam will replace the existing Quillayes tailings dam which is expected to reach capacity in early 2009.

This settlement does not include the case concerning land ownership involving different claimants heard by a first instance court in Santiago in April 2007 and in which the court held that operation of the tailings dam cannot for the moment commence. Minera Los Pelambres participated in this trial to protect its interest and has appealed against this decision to the Court of Appeals in Santiago. The Group remains confident that Minera Los Pelambres' legal title to the land in question will be upheld on appeal.

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