





extend its mine life.

A feasibility study started in 2008 at Antucoya, which is located approximately 45 kilometres from Michilla.

The company operates a shipping terminal located in Caleta Michilla where sulphuric acid is delivered for use at the mine. The terminal has complied with the International Ship and Port Facility Security Code since July 2004.



## ■ El Tesoro

### MAIN PRODUCTS

**Copper cathodes**

### PROCESSES

- ▶ Crushing and milling
- ▶ Agglomeration
- ▶ Heap leaching
- ▶ Extraction by solvents
- ▶ Electro-winning

### PRODUCTION 2007

(fine copper)

**93,000**  
tonnes

The El Tesoro mine, like Michilla, is located in the Antofagasta Region, at an altitude of 2,200 metres above sea level and 27 kilometres from the town of Sierra Gorda. El Tesoro began production in 2001. The Group had a 61% interest in El Tesoro until it increased its interest to 100% in 2006 through the acquisition of the Australian company Equatorial Mining.

On 24 October 2007, the environmental authorities approved the Environmental Impact Declaration (DIA) for El Tesoro's new project



“Operational Continuity of Minera El Tesoro: Exploitation of Oxide Deposits in the Sierra Gorda District”. The approval of the DIA allows development of the Tesoro North-East project, which is scheduled to come into operation in 2009. Project development began in early 2008 and included expansion of the original deposit to extend the mine life of the operation until year 2020. The current annual production level of around 90,000 tonnes of copper will be maintained in the short term.

The cathodes produced are transported by road from the mine to a railway terminal at Los Arrieros; and then transported to Antofagasta for shipment worldwide.

In April 2008, the Group signed an agreement with Marubeni Corporation, a Japanese company, whereby Marubeni would acquire a 30% interest in El Tesoro. This transaction is expected to be completed during the third quarter of 2008.

### **Minera Esperanza**

Esperanza will be AMSA's third mine in the Antofagasta Region. In addition to its

investment in El Tesoro, Marubeni has agreed to acquire a 30% interest in Minera Esperanza, including the Telegrafo deposit. This transaction is also expected to be completed during the third quarter of 2008. See case study on page 38.

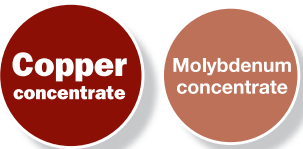




## AMSA in the Coquimbo Region

### ■ Los Pelambres

#### MAIN PRODUCTS

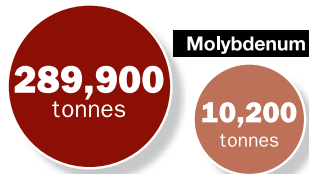


#### PROCESSES

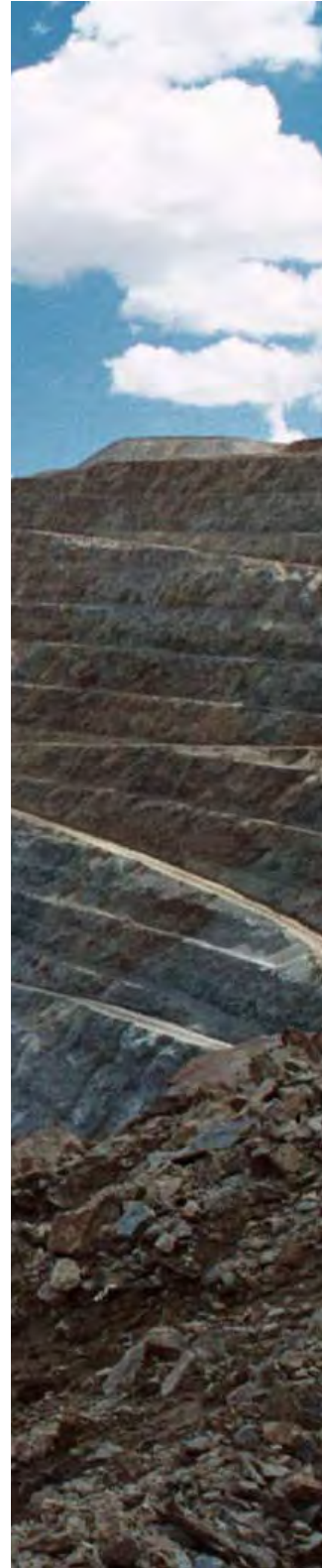
- ▶ Crushing and milling
- ▶ Flotation
- ▶ Filtering

#### PRODUCTION 2007

##### Fine copper



Los Pelambres is located in the Coquimbo Region, high in the Andes and near Salamanca, about 240 kilometres northeast of Santiago. The mine comprises an open pit operation at an altitude of 3,100 to 3,600 metres above sea level. Los Pelambres is 60% owned by the Group and 40% by two Japanese consortia: Nippon Mining & Metals, Marubeni and Mitsui & Co, and Mitsubishi Materials and Mitsubishi Corp.



Los Pelambres is by far the biggest mine in the Group and produced nearly 290,000 tonnes of payable copper in 2007, making it the fifth largest copper producer in Chile.

Los Pelambres has its own port terminal at Punta Chungo located to the north of Los Vilos Copper concentrate is stored, loaded and exported from the terminal which has complied with the International Ship and Port Security Code since June 2004.

### **El Mauro**

The main project now being developed at Los Pelambres is the Mauro tailings dam, located in the Pupio sector. The dam is intended to become operational in early 2009, which will enable Los Pelambres to continue with its future planned development. By December 2007, construction at El Mauro was 98.5% complete.

Los Pelambres originally obtained environmental permission for the Mauro tailings dam in 2003 from the Regional Environmental Authority of Coquimbo following approval of its

Environmental Impact Assessment. More than 300 sectoral permits were also obtained for various aspects of the tailings dam's construction and future operation.

In May 2008, Los Pelambres and the claimants to the litigation concerning the validity of a sectoral permit by the Chilean Water Authority (Dirección General de Aguas) for the construction of the Mauro tailings dam reached a binding settlement concerning that and other related cases relating to water rights. Under the terms of this settlement, which were endorsed by the Chilean Supreme Court, the claimants agreed to withdraw their claims in this and other related cases concerning water rights which had been brought against various governmental authorities and (in one case) directly against Los Pelambres. The claimants also acknowledged that the Chilean Water Authority is the competent authority to issue the relevant sectoral permit. The settlement of these claims, which also included the lifting of an injunction in which Los Pelambres had been ordered to suspend



certain works which would directly affect the Pupio stream at El Mauro, enables Los Pelambres to complete construction of the Mauro tailings dam.

A separate case remains outstanding in which a first instance court in Santiago upheld a claim in 2007 relating to a purchase agreement entered into in 1992 between two former owners of land in the area

of the Mauro tailings dam, in which the validity of that purchase agreement was challenged by the plaintiff seller. Los Pelambres, which acquired the land in 2001, participated in this trial to protect its interest and has appealed against this decision to the Court of Appeals of Santiago. The appeal has the effect of suspending the effect of the first instance resolution. In May 2007, the Court

rejected a second petition by the plaintiff in that case that works on the Mauro tailings dam should cease immediately, confirming Los Pelambres' right to complete its construction. The court nevertheless held that operation of the dam by depositing tailings cannot commence. The Group remains confident that Los Pelambres' legal title to the land in question will be upheld on appeal.



## Expansion and internationalisation

The growth of Antofagasta has been partly due to exploration which has increased the Group's resource base and has led to the development of projects such as Esperanza.

AMSA has also continued exploration activity in Chile

and Latin America and, has an exploration office in Peru.

In 2006, the Group acquired 100% of Tethyan Copper Company Limited (Tethyan), an Australian company, which held exploration licences for the Reko Diq deposit in Pakistan. Later that year, the Group formed a 50:50 joint venture with Barrick Gold Corporation, a Canadian resources company. The joint venture

began a feasibility study for Reko Diq in early 2008. AMSA also entered into a joint venture with TEAL Explorations and Mining to develop exploration activity in Zambia.

