

LEPANTO CONSOLIDATED MINING CO.

BA-Lepanto Building, 8747 Paseo de Roxas, 1226 City of Makati, Philippines

26 March 2007

Disclosure Department, Listings and Disclosure Group
Philippine Stock Exchange, Inc., 4th Floor, PSE Centre
Exchange Road, Ortigas Center, Pasig City

Attention: **Atty. Pete M. Malabanan**
Head, Disclosure Department

Re : **Lepanto Affiliate, Manila Mining Corporation, Signs Farm-In Agreement with Anglo American**

Gentlemen:


Lepanto Consolidated Mining Co. is a major shareholder of Manila Mining Corporation (MMC) with an equity interest of about 21% of the total issued and outstanding capital of MMC.

Lepanto has been advised that MMC has just executed a Farm-In Agreement formalizing its joint venture agreement with Anglo Investments BV (Anglo), a wholly-owned subsidiary of Anglo American plc, one of the world's leading mining companies and a significant copper and gold producer, for the exploration and potential development of the Kalayaan area (Kalayaan Project).

The Kalayaan Project covers an area of about 284.76 hectares situated in Surigao del Norte, which presently forms part of the Renewed Exploration Permit No. XIII-014 of MMC, consisting of about 2,462 hectares. Under the terms of the Renewed Exploration Permit and the Farm-In Agreement, the Kalayaan area will be carved out and transferred to Kalayaan Copper Gold Resources, Inc., initially a wholly-owned subsidiary of MMC. The Anglo-MMC Farm-In Agreement calls for Anglo to fund, at its sole cost over a period of two to three years, the Kalayaan Project's pre-feasibility phase at an estimated minimum cost of US\$20 Million in order to earn an initial 40% interest in Kalayaan Copper Gold Resources, Inc. Part of the US\$20 Million expenditure is by way of a US\$7 Million deposit to be remitted by Anglo to MMC today. The US\$7 Million deposit will constitute Anglo's initial entry cost into the Kalayaan Project and the payment to MMC will take effect upon Anglo's commencement of the program in the Kalayaan Project.

Depending upon the outcomes of the exploration program and of the Anglo pre-feasibility study, Anglo and MMC could consider undertaking a final feasibility phase of the Kalayaan Project. Anglo would fund the additional work, at its sole cost, estimated at US\$15 to 20 Million to earn a further 20% interest in the Kalayaan Copper Gold Resources, Inc.

Very truly yours,


ODETTE A. JAVIER
Vice President and
Asst. Corporate Secretary