

13 January 2012



TAMPAKAN APPROVAL ISSUE - UPDATE

Indophil Resources NL has received advice (see attached) from Tampakan Copper-Gold Project operator, Sagittarius Mines, Inc. (SMI), that the application for the Mine Environmental Compliance Certificate for the Tampakan Project by the Philippine Government's Environmental Management Bureau has been returned, for resubmission once the issue of an open pit mining ban by the Provincial Government of South Cotabato is clarified and resolved.

Indophil supports the view that the Tampakan Mine Environmental Impact Assessment (EIA) process was, by any measure, robust and comprehensive, and the Philippine Government confirmed this during the EIA evaluation period under the auspices of the government's Environmental Impact Assessment Review Committee. The EIA was completed to the highest international standards which in many respects went beyond legislative requirement in the Philippines.

Indophil CEO, Richard Laufmann, identified the key stumbling block to moving forward to approvals and commitment to proceed with development of the Tampakan deposit as resolution of the provincial open pit ban, a mining method approved under national law.

Indophil has become more active in seeking local Philippine shareholders and together have made recommendations to improve the operating structure and effectiveness of SMI. "We believe that this delay can be overcome in the near term with the support of our Philippine corporate shareholders, and a committed and aligned response from Xstrata and Indophil," Mr Laufmann said.

Indophil will also accelerate moves to seek additional listing of Indophil on the Philippine Stock Exchange. This will make Indophil the first dual Australia-Philippines publicly-listed company, and provide more direct involvement and access to Philippine investors.

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The Tampakan Copper-Gold Project, located in the southern Philippines, is among the most attractive undeveloped long-life, large-scale and low-cost copper deposits in the world. Indophil's key asset is a 37.5% interest in that project, with 62.5% partner Xstrata Copper as Project Manager.

The Tampakan Project was discovered, and is being developed, under formal agreement (known as the Columbio FTAA) with the Philippine Government, on behalf of the people of the Philippines.

The Tampakan Project is operated by Philippine-based Sagittarius Mines, Inc. (SMI) and is estimated to require a US\$5.9 billion capital investment, with first production expected in 2016. The Tampakan deposit contains a 2.4 billion tonne mineral resource with an estimated 13.9 million tonnes of copper and 16.2 million ounces of gold.

Tampakan is projected to produce 375,000 tonnes of copper and 360,000 ounces of gold per year in the initial mine-life of 17 years, with considerable and realistic potential for mine-life extension.



SAGITTARIUS MINES, INC.

PRESS RELEASE

SMI responds to ECC decision for Tampakan Mine Project

Gen. Santos City, 13 January 2012

Sagittarius Mines, Inc. (SMI) confirms it has received official notification from the Department of Environment and Natural Resources (DENR) denying its application for an Environmental Compliance Certificate (ECC) for the Tampakan Mine Project until issues with the use of open pit mining methods have been resolved with the Provincial Government of South Cotabato.

SMI President Peter Forrestal said SMI was extremely disappointed with the decision.

“SMI intends immediately to file an appeal for a reconsideration of the decision as permitted under the ECC application process.

“We are concerned this decision was not made on the merits of our Mine Project Environmental Impact Statement (EIS), which fully complies with the requirements of the DENR’s own ECC process and is backed by a world-class environmental impact assessment study.

“Our EIS is one of the most comprehensive environmental impact assessment studies ever undertaken in the Philippines, which was prepared in line with international standards and further strengthened by the feedback gained from a two-year consultation process that involved more than 9,000 stakeholders.

“During the 40 day review period of our ECC application by the Environmental Impact Assessment Review Committee, an independent panel of experts established by the DENR’s Environmental Management Bureau, all queries regarding SMI’s EIS and its ECC application were addressed to the satisfaction of that committee.

“The decision to deny SMI’s ECC application on the basis that the open-pit ban in South Cotabato must be resolved before the national government can issue an ECC is inconsistent with the DENR’s established procedures for the processing of ECC applications.

“We believe this decision sets a precedent that contradicts the publicly stated views of the Aquino Administration - namely that national laws which permit open-pit mining methods should have precedence over conflicting provincial ordinances.

“This lack of consistency by the national government poses a very real threat to investment confidence in the Philippines and introduces significant uncertainty to national government approval processes.

“It also hampers the Project’s potential to make what would be a significant contribution to the economic and social development of Southern Mindanao and the Philippines,” Mr Forrestal said.

(ends)

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Notes to editors:**ABOUT THE TAMPAKAN PROJECT**

The Tampakan Copper-Gold Project is located on the southern Philippine island of Mindanao, approximately 40 kilometres north of General Santos City. The Project is situated on the boundaries of four provinces: South Cotabato, Sarangani, Sultan Kudarat and Davao del Sur, and represents one of the world's largest undeveloped copper-gold deposits.

The Tampakan Project is a 2.4 billion metric ton deposit, containing 13.5 million metric tons of copper and 15.8 million ounces of gold at a 0.3% cut-off grade. In 2010, the Project employed approximately 372 employees and rotational shift work for a further 1,185 contractors.

The Project is operated by Philippine-based affiliate Sagittarius Mines, Incorporated (SMI), whose 40% controlling equity is a joint venture among Xstrata Copper (62.5%) and Indophil Resources NL (37.5%). The 60% non-controlling equity shareholders of SMI are the Tampakan Mining Corporation and Southcot Mining Corporation (known as the Tampakan Group of Companies).

Subject to all necessary community, government and shareholder approvals, SMI estimates that production from the \$5.9 billion Tampakan Project could commence by 2016. If developed, it is estimated that the Project would contribute an average of PhP134 billion (USD2.8 billion) to Philippine GDP; an equivalent of 1% annual increase to the Philippine GDP over the life of the Project.

ABOUT XSTRATA COPPER

Xstrata Copper is the fourth largest global copper producer with attributable mined production in 2010 of 913,500 tonnes of copper in cathodes and concentrates. The company is also one of the world's largest producers of smelter and refined copper, including from third party materials.

Headquartered in Brisbane, Australia, Xstrata Copper is one of the commodity business units within the major global diversified mining group Xstrata plc. Its mining and metallurgical operations and development projects span eight countries: Argentina, Australia, Canada, Chile, Peru, the Philippines, Papua New Guinea and the USA. Its operations and projects are administered through a regional divisional management structure, which ensures that critical decisions are taken close to the related businesses. It also has a recycling business (Xstrata Recycling) with plants in the United States and offices in Canada and Asia.

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