

14 July 2010



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**Indophil update on Environment Code and sale process**

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In line with relisting of its shares on the ASX today, Indophil Resources NL (Indophil) wishes to update the market on two important matters. They are:

- The South Cotabato provincial government's proposal to ban open pit mining; and
- The Indophil sale process, post termination of the offer from Zijin Mining Group Co., Ltd (Zijin).

**SOUTH COTABATO ENVIRONMENT CODE**

Further to the announcements dated 23 and 30 June 2010, Indophil has not been able to obtain clarity on the South Cotabato provincial government's proposal to introduce an Environment Code that includes a ban on open pit mining in the area where the Tampakan Copper-Gold Project is located. Indophil's flagship asset is its 37.5% interest in Tampakan.

As previously advised to the market, the outgoing provincial governor approved the code in her final days in office (29 June 2010). However, Indophil now understands that the code has not been formally gazetted and therefore has not yet taken effect.

The new South Cotabato governor has publicly stated that he will initiate and act in accordance with a legal review of the proposal in the context of Philippine Government national law (the Philippine Mining Act 1995). Philippine Government statements note that the provincial proposal contravenes national law and public policy. To date, the South Cotabato provincial review has not been completed and as a result there is no greater clarity at a provincial level. There is continued uncertainty as to whether or not the code will take effect (quite aside from it being regarded as contrary to national law, unconstitutional and outside the scope of the provincial authority).

In the last few days, the new President of the Philippines, Benigno Aquino, has been widely reported in the Philippine media as saying that he will press for an agreement that will protect the environment while allowing the US\$5.2 billion development proposal for the Tampakan project to proceed. In brokering a solution, the President of the Philippines is reported as saying that he would seek a "meeting of minds" on the matter, adding that, "I will work toward getting them (South Cotabato provincial officials and Tampakan project management) to meet on a common ground that will allay the fears and also afford us the benefit of this investment."

Recent public statements from the Tampakan project operator Sagittarius Mines (62.5% owned and controlled by Xstrata Copper) are that open pit mining is the safest and only economic extraction method, given the configuration of the Tampakan deposit and the geology of the region.

Although the position in relation to open pit mining is unresolved, Indophil is advised that the ASX considers that trading of Indophil shares should resume.

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## SALE PROCESS

Following termination of the agreement with Zijin relating to its A\$545m takeover offer for Indophil at A\$1.28 per share, Indophil is free of any exclusivity arrangements. Accordingly, Indophil, together with its corporate advisor Gresham Advisory Partners, has commenced, and in some cases re-commenced, dialogue with a number of interested parties.

In the short period since the termination of the agreement with Zijin, Indophil has received strong expressions of interest from credible and substantial parties comprising Chinese and non-Chinese groups. Indophil is progressing discussions with interested parties and has opened a data room to assist potential purchasers' due diligence enquiries. In some instances, Confidentiality Agreements are in place.

Indophil is not surprised at the strong level of interest, given the unique and compelling attributes of the world-class Tampakan Copper-Gold Project which was recently supported by the findings of the extensive Feasibility Study provided to the Philippine Government.

Indophil will keep the market advised of developments on each of these two important matters. Prior to the end of July, Indophil will also issue its June 2010 Quarterly Report to the market.

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