

# TAMPAKAN COPPER-GOLD PROJECT

## ABOUT THE PROJECT



Sagittarius Mines, Inc.'s (SMI) proposed Tampakan Copper-Gold Project involves one of the world's largest undeveloped copper-gold deposits. SMI is a contractor of the Philippine Government under the terms of a Financial and Technical Assistance Agreement (FTAA).

As a Filipino company with a commitment to the highest standards of sustainable development we have completed Environmental Impact Assessment (EIA) studies involving Filipino specialists working in conjunction with international experts.

The mine Environmental Impact Statement (EIS) has been prepared in accordance with the Philippine regulatory requirements and presents the results of the EIA studies. The EIS will support an application to the Philippine Government for the grant of an Environmental Compliance Certificate (ECC) for the Project.

In addition, we have partnered with international experts to develop a world-class Environmental and Social Impact Assessment (ESIA) report to further demonstrate that the assessment of potential environmental and social impacts has been conducted in alignment with relevant international standards.

We have thoroughly investigated ways to mitigate the potential impacts of the Project and used this information in developing our design plans reflected in our Mine Project Feasibility Study (MPFS). These plans are aligned with our major shareholder Xstrata, a global diversified mining group that is internationally recognized as a sector leader in corporate responsibility.

If the Project is approved, the mine would be by far the largest in the Philippines and among the largest copper mines in the world. The proposed mine site covers an area of approximately 10,000 hectares and is located between the towns of Tampakan, South Cotabato and Kiblawan, Davao del Sur in southern Mindanao. If approved, the mine is estimated to yield an average of 375,000 tonnes per annum of copper and 360,000 ounces per annum of gold in concentrate during a 17 year operating life of mine.

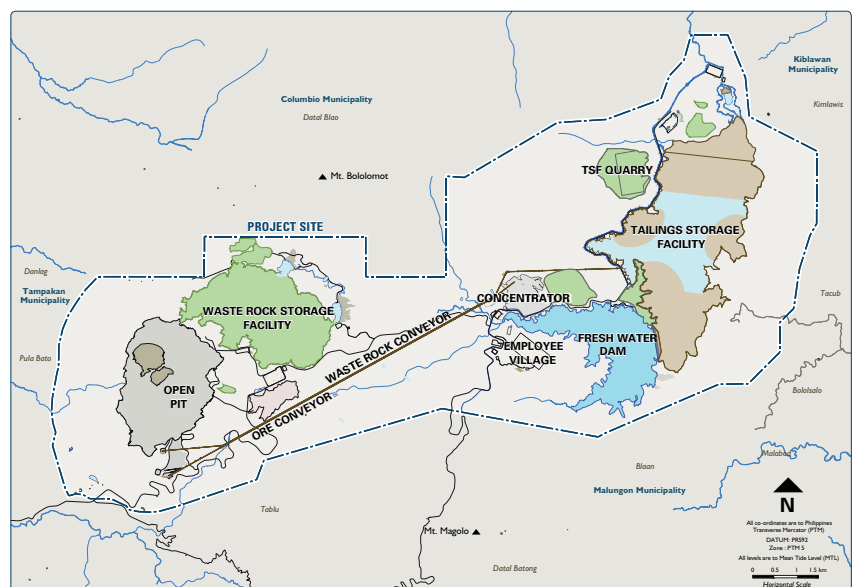
In addition to developing a large-scale, open-pit copper-gold mine and associated mine site facilities, the Project also requires significant off-site infrastructure, including: a port and a copper-gold concentrate pipeline from the mine site to the port, a filter plant, a power station located at the port site and power transmission lines from the power station to the mine site, as well as access roads to the mine site.

If approved, the mine would produce a copper-gold concentrate that would be transported from the site through a buried pipeline to the proposed new port facility at the town of Malalag, Davao del Sur for transportation to refining and smelting facilities.

## MINE INFRASTRUCTURE

The Project involves the development of the Tampakan Mine and includes:

- An open-pit and associated mine operation facilities and workshops
- A waste rock storage facility (WRSF)
- A tailings storage facility (TSF) and associated quarries
- Ore and waste rock conveyors
- Crushers and stockpiles
- A concentrator and associated ore processing facilities
- An employee village
- Road and power infrastructure
- Water management infrastructure which includes a freshwater dam, diversion drains, water treatment plants, pipelines and pumping stations.



## OPEN-PIT

The mining pit at the Tampakan Project would, after 17 years of mining, be 2.5 kilometers wide by 3 kilometers long and close to 800 meters deep.

Ore would be blasted, drilled and hauled out of the pit by trucks to the primary crusher or ore stockpile, then transferred via conveyor to the concentrator for processing to a copper-gold concentrate. It is this concentrate that would be transported to the port at Malalag and then shipped to smelters to be refined into copper and gold.

## WASTE ROCK STORAGE FACILITY

The WRSF would occupy a footprint of approximately 500 hectares. The height at the top would range from 70 to 355 meters above ground. It would be constructed and rehabilitated progressively over time.

## TAILINGS STORAGE FACILITY

The TSF would be located within the Mal River Valley and would cover an area of 1,300 hectares.

Tailings are the waste produced during the process by which ore is converted into a concentrate. Tailings would be stored behind an embankment of rock and clay. This embankment would be progressively raised in order to provide enough storage and would ultimately be 280 meters high and 2.1 kilometers long.

## PROPOSED MINING OPERATIONS

The key steps of the proposed mining operation would include:

- Preparing the site, which includes vegetation clearing
- Drilling and blasting of the ore and waste rock
- Open-pit mining of ore and waste rock using large mechanical shovels, excavators and trucks
- Hauling waste rock from the open-pit to the WRSF and ore to the ore stockpile or the crusher which feeds into the ore conveyor
- Transport via conveyor of ore from the crushers to the concentrator for processing to produce a copper-gold concentrate and tailings
- Storage of tailings and waste rock in the TSF
- Transport of the copper-gold concentrate from the concentrator to the port through a buried pipeline.

## INFRASTRUCTURE OUTSIDE THE MINE SITE

The Project would also incorporate other infrastructure outside the proposed mine site. This would include:

- A coal fired power station
- A filter plant
- A port to transport the copper-gold concentrate to international customers and import coal
- A copper-gold concentrate pipeline from the mine site to the port
- Power transmission lines from the power station to the mine site.

This off-site infrastructure is subject to separate Environmental Impacts Assessments which would involve their own consultation process.

## PROJECT BENEFITS

Through sustainable partnerships, the Project can enable a better future for the people of southern Mindanao. If developed, the Tampakan Project would generate significant economic benefits that would stimulate the local, regional and national economies.

The region would enjoy substantial benefits from the mine which include:

- An annual contribution of on average PhP1.34 billion<sup>1</sup> to Philippine gross domestic product (GDP) each year over the construction and operation phases – equivalent to an additional annual increase of 1% to Philippine GDP
- Total government revenues (national and local) through a variety of taxes and charges of approximately PhP307 billion<sup>2</sup> (nominal) over the life of the Project
- Royalty payments and direct contributions in excess of PhP39.8 billion<sup>3</sup> (nominal) to local communities and local indigenous groups over the Project's life
- Opportunities for approximately 10,000 workers during the peak of the construction phase and direct employment opportunities for approximately 2,000 workers during the operations phase
- Engagement of local contractors and service providers, generating further substantial employment within the Philippines.

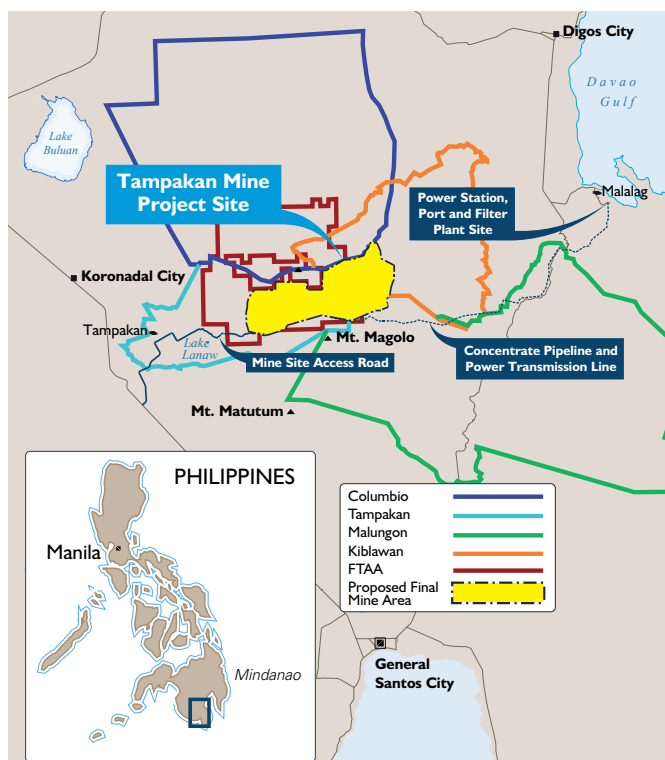
## NEXT STEPS

The Project has a number of stages to complete before final construction can commence including approvals from the government, the community and SMI Shareholders.

Making this Project a reality requires us to work in partnership with our stakeholders and we would continue to work openly with them, particularly those who have concerns and queries about our proposed Project activities.

Incorporating this feedback into our plans would ensure the Project can become a blueprint for ethical large-scale modern mineral development in the Philippines, including best practice in resettlement programs, indigenous consultation, as well as EIAs.

## LOCATION OF THE TAMPAKAN COPPER-GOLD PROJECT



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<sup>1</sup>USD2.8 billion. <sup>2</sup>USD6.4 billion. <sup>3</sup>USD830 million. (Based on exchange rate of USD1 = PhP48)  
Disclaimer: The content of this document was accurate, to the best of SMI's knowledge, at the time of publication (May 2011).