

TAMPAKAN COPPER-GOLD PROJECT

THE MINE EIA PROCESS



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.

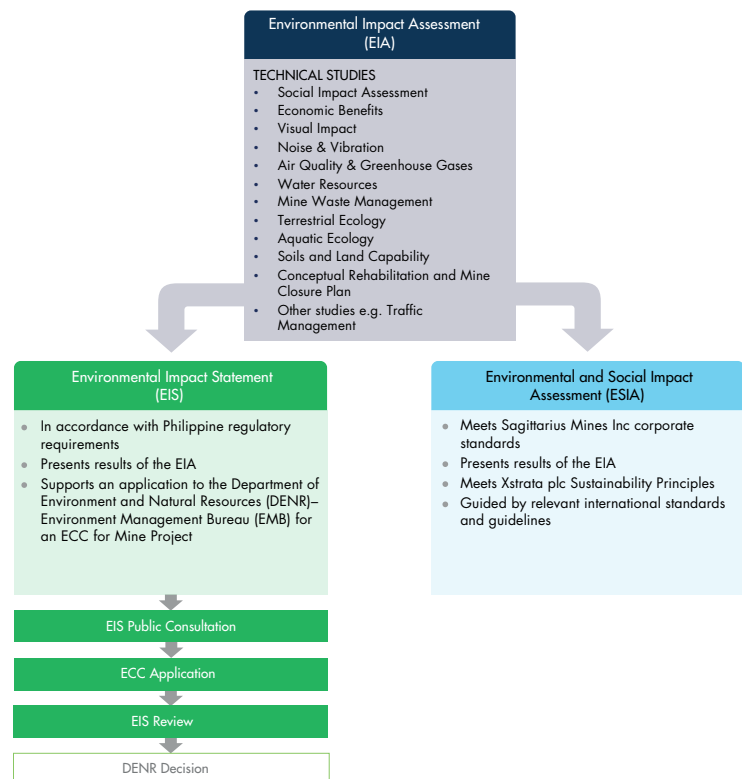
OVERVIEW OF THE MINE'S ENVIRONMENTAL IMPACT ASSESSMENT (EIA) PROCESS

We take our environmental responsibilities very seriously. As part of our commitment to sustainable mining practices we consider, at all stages of our Project planning, the potential environmental impacts of our activities and how we can mitigate them.

As part of the specialist environmental studies conducted during the EIA, we looked at the potential environmental impact of the Project as well as its potential impact on the local community.

Both the EIS and the ESIA identify measures to mitigate the potential environmental and social impacts of the Project. These measures have been incorporated into the Project's design and would form part of our final Environmental Management Plan (EMP). The EMP would be used to ensure that the highest standards of environmental management are integrated into the development and operation of the proposed mining operation.

MINE EIA REPORTING STRUCTURE



The EIA was conducted by EIS consultants led by Hansen Bailey (Australia) and AECOM (Philippines). The EIA technical studies involved teams of Filipino specialists working in conjunction with international specialists. The EIS was prepared by AECOM. The ESIA report was prepared by Hansen Bailey.



DESCRIPTION OF STUDIES

Key studies conducted by international specialists, in association with AECOM Philippines, as part of the EIA process were as follows:

Study topic	Description of study
Water resources	An assessment of potential impacts of the proposed mining activities on water resources in the surrounding area.
Visual amenity	An assessment of anticipated changes to the visual landscape at different stages of the proposed mine's life.
Air quality and greenhouse gases	An assessment of potential air quality and greenhouse gas issues associated with the Project.
Noise and vibration	An assessment of potential ground vibration and airblast impacts associated with blasting and other Project activities.
Soil and rehabilitation	An assessment to identify soil types and the land capability and suitability within the proposed mine site as well as strategies for rehabilitation on closure.
Terrestrial ecology	A comprehensive study of the land-based ecology of the proposed mine site and surrounding areas to assess potential ecological impacts from the Project.
Waste management	The development of a mine waste management strategy including design and operating plans for the mine waste storage facilities.
Aquatic ecology	A comprehensive study of the water-based ecology of the proposed mine site and surrounding areas to assess potential ecological impacts from the Project.
Economic benefits	An assessment of the potential economic impacts of the Project on the local, regional and national economies.
Social Impact	An assessment of the potential social impacts of the Project on the local communities.

Stakeholder consultation for these studies was undertaken by AECOM Philippines and SMI.

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 billion¹ 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 billion² (nominal) over the life of the Project
- Royalty payments and direct contributions in excess of PhP39.8 billion³ (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.



External Relations Unit
Sagittarius Mines, Inc. (SMI)
02 8563021 (Makati)
083 5548414 (General Santos)
Email: externalrelations@smi.com.ph | www.smi.com.ph

FREQUENTLY ASKED QUESTIONS

Which Filipino experts were involved in the Environmental Impact Assessment (EIA)?

A specialist consultancy, AECOM – Philippines, has prepared the EIS which would be submitted to the Philippine Government.

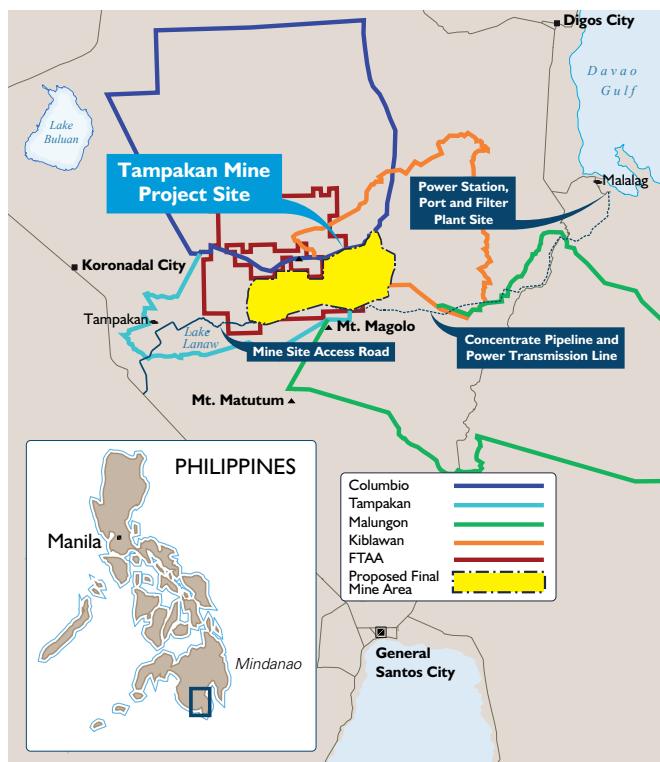
What is the difference between an EIS and an ESIA?

While the EIS is the lead document prepared for the government on which to base its ECC approval decision, SMI has voluntarily developed the ESIA which addressed international standards. Both documents are based on the same technical studies conducted as part of the EIA.

Would the information gained from the EIA process be made available?

The outcomes of these technical studies conducted as part of the EIA that have been used to develop the EIS and the ESIA would be disclosed to the public during 2011 as part of the process of seeking environmental approval from the Philippine Government.

LOCATION OF THE TAMPAKAN COPPER-GOLD PROJECT



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.

¹USD2.8 billion. ²USD6.4 billion. ³USD830 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).