

TAMPAKAN COPPER-GOLD PROJECT

ECONOMIC BENEFITS



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.

Through partnership with our stakeholders, the Tampakan Copper-Gold Project can enable a better future for the people of southern Mindanao and the Philippines.

If developed, it would generate significant economic benefits that would stimulate the local, regional and national economies.

SMI would work closely with all relevant authorities to strive for the equitable and balanced distribution of the Project's social and economic benefits. Through facilitating local recruitment and training opportunities, local procurement, and the implementation of community development programs, SMI intends to maximize its economic contribution to the local communities.

PROJECT SCOPE

If the Project is approved, the mine is likely to be the largest in the Philippines and amongst 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 and Kiblawan in southern Mindanao. In addition, the Project would also require a power station and port facility, located at Malalag in Davao del Sur.

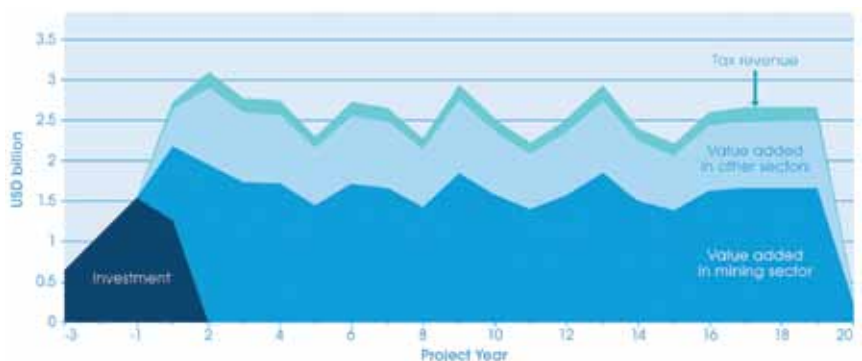
The size of this Project means that the expected economic benefits are substantial and would be potentially life changing for many Filipinos.

An external economic study prepared as part of the EIA has forecast the Project is likely to make a contribution of, on average, PhP134 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.

DIRECT ECONOMIC BENEFITS

This study indicates that the main direct channels for economic benefits to be distributed in the Philippines would include:

- Total government revenues (national and local) through a variety of taxes and charges of approximately PhP307 billion² (nominal) over the 20 year 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.



Contribution to Philippine Gross Domestic Product.

