

TAMPAKAN COPPER-GOLD PROJECT

FLORA AND FAUNA



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.

OUR COMMITMENT TO MANAGING FLORA AND FAUNA

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.

Extensive studies undertaken as part of the EIA found that the majority of the site is highly disturbed by logging and kaingin (slash and burn) farming activities.

The studies conducted demonstrate that no exploration or mining activities would be undertaken within the Liguasan Marsh located in the province of Sultan Kudarat. Studies further indicated that there would be no impact in this area and no disturbance of the National Integrated Protected Areas (NIPAS) of Sarangani Bay or the sensitive cultural areas of Mt Matutum, Mt Bololomot or Mt Magolo.

The EIA technical studies did recognize that not all adverse flora and fauna impacts can be mitigated. Some areas of forest (approximately 1,300 hectares) would need to be cleared.

OUR MITIGATION MEASURES

In order to mitigate the identified potential impact on flora and fauna, we are proposing a number of measures which include:

- Ensuring no net loss of forest through reforestation to offset any cleared forest
- Creation of vegetation corridors (buffer zones and green offset areas) between fragmented remnant forest patches, both within and outside the proposed mine site, which would improve the connectivity of habitats and reduce the potential impacts on biodiversity.

We will implement a Biodiversity Management Plan (BMP) as part of the Project's Environmental Management System (EMS) to further minimize any impacts on flora and fauna in and around the proposed mine site.

As a result of our studies, and with these mitigation measures, we believe that the Project is unlikely to directly threaten any significant flora or fauna species in the region and, in fact, would provide for potential regeneration of rainforests and re-population of fauna species in undisturbed areas of the proposed mine site.

AQUATIC ECOLOGY

Our studies also examined the important water-based (aquatic) habitats within the proposed mine site.

Our studies indicate that these aquatic habitats are generally degraded due to the clearing of vegetation along the waterways or as a result of poor water quality caused by illegal small-scale mining or natural acid rock drainage.

Field surveys found there were no rare or endangered fish, macro invertebrates or aquatic macrophytes on the Project site or in downstream waterways.



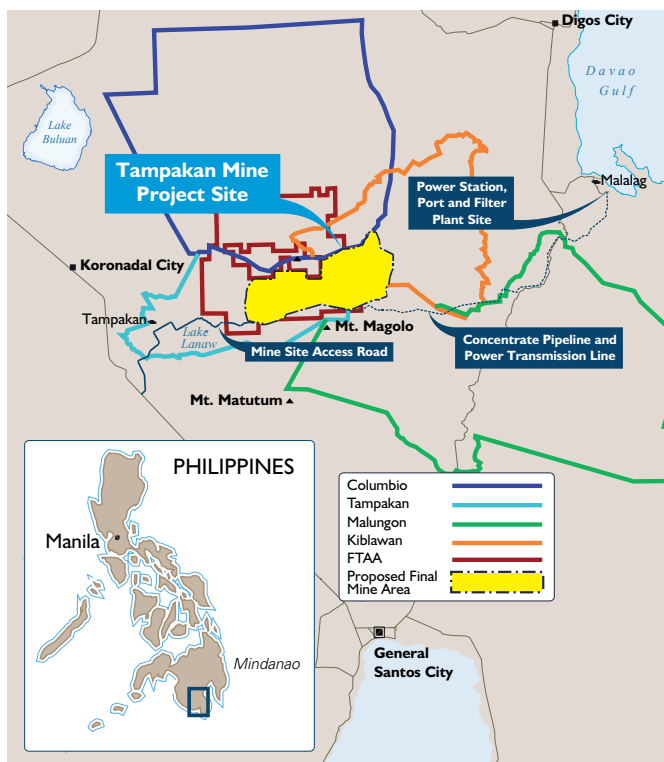
MITIGATING ANY AQUATIC IMPACT

In addition to our BMP, we would implement a monitoring program for downstream aquatic ecology as well as mitigation measures which include:

- Use of site discharge water quality standards that are specifically designed to ensure there are no significant adverse impacts on downstream aquatic ecosystems
- Implementation of industry leading erosion and sediment control measures.

We believe that these measures would ensure no adverse impacts to nearby aquatic ecology as a result of the Project's activities.

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.



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FREQUENTLY ASKED QUESTIONS

How much land does SMI expect to clear?

The proposed final mine area is approximately 10,000 hectares. Most of this area (70%) is undisturbed by the proposed mine facilities (such as the open-pit, waste rock dump, concentrator, freshwater dam, overland conveyor, and administration facilities). Of the disturbed area, an estimated 1,300 hectares contains trees that would require clearing. This represents about 13% of the total area.

To offset these areas being cleared, SMI would have in place a program of reforestation that would take place during the mine's operations as well as a plan for rehabilitation of the disturbed areas upon closure. Reforestation of some areas has already been undertaken by SMI.

What are your plans to protect and preserve the indigenous flora and fauna species within your Project area?

In order to protect and preserve indigenous flora and fauna, SMI's plan focuses on the establishment of regeneration, conservation and offset areas on or near the proposed mine site. As a result of our studies, and with these mitigation measures, we believe that the Project is unlikely to directly threaten any significant flora or fauna species in the region and, in fact, would provide for potential regeneration of rainforests and re-population of fauna species in undisturbed areas of the proposed mine site.

Why do you need approximately 10,000 hectares of final mine area if 70% is left undisturbed?

The size of the final mine area is determined by a number of factors including the need to ensure a safe operating environment and a buffer zone around our activities. It is also determined by the most suitable locations for key mine infrastructure such as the concentrator and TSF. These facilities are located approximately eight kilometers from the actual mine itself. Therefore, a large area is required to link these parts of our operations.

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.

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).