

# TAMPAKAN COPPER-GOLD PROJECT

## MANAGING WATER IN THE TAPLAN RIVER CATCHMENT



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 THE TAPLAN RIVER CATCHMENT

SMI understands that access to good quality water is critical to the local communities. As part of our planning for the proposed Tampakan Copper-Gold Project, we have invested significant resources in understanding the potential impact of our proposed activities on the water needed by the local community and have prepared water management strategies to ensure we protect the quality and supply of water in the potentially affected areas.

Our strategies are based on 15 years of monitoring and research of water quality across the Project site to develop a significant quantity of baseline data. We have also partnered with local people who understand the local environment to help this sampling and monitoring work.

## OUR CHANGE IN APPROACH

Our approach is very different to that adopted by Western Mining. Western Mining has not been involved with the Project since 2001.

SMI plans to locate most of the significant mine infrastructure – including the processing plant (concentrator) and tailings storage facility (TSF) – outside the environmentally sensitive Taplan River catchment.

We have undertaken extensive studies and believe that we would be able to develop and operate this Project without a significant adverse impact on water in the Taplan River:

- The volume of water available for use within the catchment would not be reduced – we would use weirs (small containment facilities) to capture fresh water and release it into the Taplan River to compensate for any reduction caused by the open-pit
- International standard water treatment plants would be installed and operated to ensure that any water released from the site is suitable for its current uses and would not cause ecological harm
- Significant amounts of waste water would be stored in the TSF and recycled through the mine – recycled water would meet 70% of the Project's water needs
- Water seepage would be managed by constructing downstream seepage dams and either treating that water for release or recycling it through the mining process
- Sediment management plans would aim to mitigate the impact on water supplies from any disturbances to the soil resulting from construction or mining activities.

## GAINING INDEPENDENT, EXPERT ADVICE

The study of water is part of our EIA. It involved the development of appropriate management plans to avoid or mitigate negative impacts, enhance positive impacts and meet all Philippine Government legislative requirements.

As part of our robust planning process during the EIA we involved Filipino and international experts to conduct the relevant environmental studies and participate in our consultation with locals and relevant stakeholder groups.

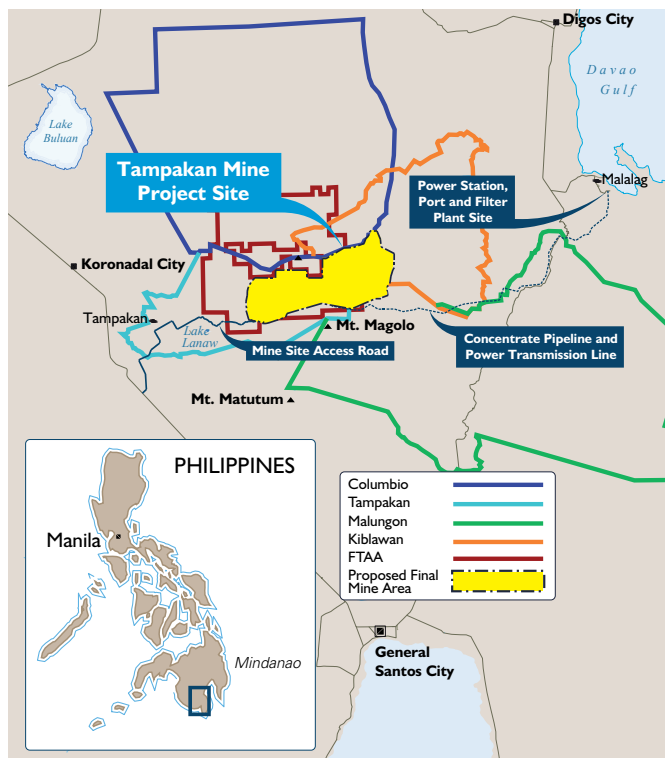


## PROTECTING THE ENVIRONMENT WHEN THE MINE HAS GONE

We are already planning for closure before construction has even started. We are doing this by:

- Preparing a comprehensive rehabilitation program that would be implemented during and after the mine's life, returning much of the site to its original state – the open-pit however will remain
- Providing for on-going treatment and release of water from the open-pit which, if left alone after the mine closed, would fill with water and potentially overflow into the surrounding environment
- Continuing to discuss the measures we would be implementing with local communities and governments to ensure SMI keeps its promises and obligations.

## LOCATION OF THE TAMPAKAN COPPER-GOLD PROJECT



## FREQUENTLY ASKED QUESTIONS

### Would the mine change the flows in the Taplan River catchment?

The Taplan River catchment drains the western portion of the Project site. Compensatory releases of fresh water from weirs on the Project site and treated water from the water treatment plant near the open-pit are proposed in the Taplan River catchment. The releases would be at flow rates that would completely offset any potential reduction in water flows that may be caused by the open-pit.

### Would there be any seepage from the mine into the Taplan River catchment?

There would be no seepage from the mine into the Taplan River catchment. Any water seepage to the east of the Project area would be managed through seepage collections dams and water treatment facilities to ensure that any water discharged from the site is suitable for current uses.

## 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.

<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).

