

TAMPAKAN COPPER-GOLD PROJECT VISUAL AMENITY



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 VISUAL IMPACTS

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 EIA a detailed visual impact assessment of the Project has been undertaken in accordance with United States guidelines.

ASSESSING THE VISUAL IMPACT

The EIA involved the development of a 3D model and series of photos showing what the Project might look like at various stages of development. The assessment also considered the effect of lighting at night.

The assessment concluded that the overall visual impact of the Project would be low. This is because the majority of the proposed mine site and facilities would be screened from view from surrounding areas by topography and/or vegetation.

Anticipated changes to the visual landscape as a result of the development and operation of the mine site have been identified and modelled over different stages of the Project life. There would be a small number of locations where people living within view of the proposed mine site may see some parts of the mining Project, such as:

- The open-pit
- The waste rock storage facility (WRSF)
- The tailings storage facility (TSF) and rock quarry
- Certain roads and facilities
- The spillways within the TSF and the freshwater dam (FWD).

MITIGATION MEASURES

Although changes to the landscape would occur gradually over the 20 year life of the Project, we are proposing that a range of mitigation measures be incorporated into the Project design to further limit the visual impact of the Project. These mitigation measures include:

- Revegetation of disturbed areas
- Progressive rehabilitation of the WRSF
- Regeneration of forest areas within the proposed mine site
- Planting of buffer zones
- Appropriate design of fixed lighting, and procedures for the control of mobile lighting plants, to reduce the impact on the local community of light from the Project at night.

SMI would continually monitor potential impacts on visual amenity associated with the Project. Mitigation strategies would be reviewed throughout the life of the Project to address any identified needs.

Ongoing consultation with the local communities would be used to identify any concerns related to visual impacts and would trigger any necessary additional mitigation measures such as visual screening at any impacted locations.



FREQUENTLY ASKED QUESTIONS

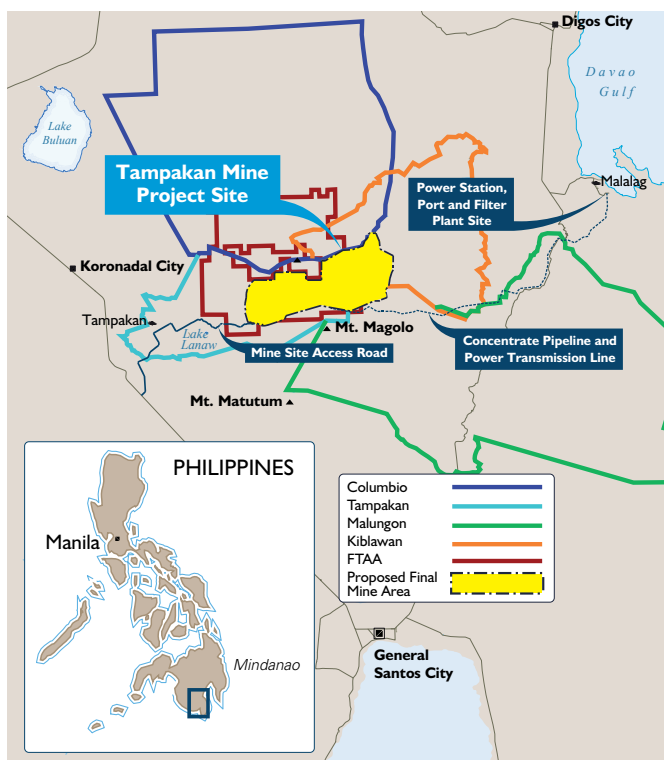
What work would be done to mitigate the visual impact of the WRSF?

The ultimate height of the WRSF would not be higher than the surrounding hills. The final shape would be flat with benched outer edges and have a covering of topsoil planted with vegetation that would blend in with the surrounding area. The WRSF would be rehabilitated and revegetated progressively over the life of the Project.

What work would be done to mitigate the visual impact of the open-pit?

On clear days when the area is free of cloud and mist a section of the upper portion of the open-pit would be visible from a small number of locations in Tampakan and along the Koronadal Highway. Upon closure, the upper slopes of the open-pit would be rehabilitated with trees and grasses and the colour of the open-pit would be similar to the surrounding landscape.

LOCATION OF THE TAMPAKAN COPPER-GOLD PROJECT



AT THE END OF THE PROPOSED MINE LIFE



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.

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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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).