



SAGITTARIUS MINES, INC.

PRESS RELEASE

SMI responds to ECC decision for Tampakan Mine Project

Gen. Santos City, 13 January 2012

Sagittarius Mines, Inc. (SMI) confirms it has received official notification from the Department of Environment and Natural Resources (DENR) denying its application for an Environmental Compliance Certificate (ECC) for the Tampakan Mine Project until issues with the use of open pit mining methods have been resolved with the Provincial Government of South Cotabato.

SMI President Peter Forrestal said SMI was extremely disappointed with the decision.

“SMI intends immediately to file an appeal for a reconsideration of the decision as permitted under the ECC application process.

“We are concerned this decision was not made on the merits of our Mine Project Environmental Impact Statement (EIS), which fully complies with the requirements of the DENR’s own ECC process and is backed by a world-class environmental impact assessment study.

“Our EIS is one of the most comprehensive environmental impact assessment studies ever undertaken in the Philippines, which was prepared in line with international standards and further strengthened by the feedback gained from a two-year consultation process that involved more than 9,000 stakeholders.

“During the 40 day review period of our ECC application by the Environmental Impact Assessment Review Committee, an independent panel of experts established by the DENR’s Environmental Management Bureau, all queries regarding SMI’s EIS and its ECC application were addressed to the satisfaction of that committee.

“The decision to deny SMI’s ECC application on the basis that the open-pit ban in South Cotabato must be resolved before the national government can issue an ECC is inconsistent with the DENR’s established procedures for the processing of ECC applications.

“We believe this decision sets a precedent that contradicts the publicly stated views of the Aquino Administration - namely that national laws which permit open-pit mining methods should have precedence over conflicting provincial ordinances.

“This lack of consistency by the national government poses a very real threat to investment confidence in the Philippines and introduces significant uncertainty to national government approval processes.

“It also hampers the Project’s potential to make what would be a significant contribution to the economic and social development of Southern Mindanao and the Philippines,” Mr Forrestal said.

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Notes to editors:**ABOUT THE TAMPAKAN PROJECT**

The Tampakan Copper-Gold Project is located on the southern Philippine island of Mindanao, approximately 40 kilometres north of General Santos City. The Project is situated on the boundaries of four provinces: South Cotabato, Sarangani, Sultan Kudarat and Davao del Sur, and represents one of the world's largest undeveloped copper-gold deposits.

The Tampakan Project is a 2.4 billion metric ton deposit, containing 13.5 million metric tons of copper and 15.8 million ounces of gold at a 0.3% cut-off grade. In 2010, the Project employed approximately 372 employees and rotational shift work for a further 1,185 contractors.

The Project is operated by Philippine-based affiliate Sagittarius Mines, Incorporated (SMI), whose 40% controlling equity is a joint venture among Xstrata Copper (62.5%) and Indophil Resources NL (37.5%). The 60% non-controlling equity shareholders of SMI are the Tampakan Mining Corporation and Southcot Mining Corporation (known as the Tampakan Group of Companies).

Subject to all necessary community, government and shareholder approvals, SMI estimates that production from the \$5.9 billion Tampakan Project could commence by 2016. If developed, it is estimated that the Project would contribute an average of PhP134 billion (USD2.8 billion) to Philippine GDP; an equivalent of 1% annual increase to the Philippine GDP over the life of the Project.

ABOUT XSTRATA COPPER

Xstrata Copper is the fourth largest global copper producer with attributable mined production in 2010 of 913,500 tonnes of copper in cathodes and concentrates. The company is also one of the world's largest producers of smelter and refined copper, including from third party materials.

Headquartered in Brisbane, Australia, Xstrata Copper is one of the commodity business units within the major global diversified mining group Xstrata plc. Its mining and metallurgical operations and development projects span eight countries: Argentina, Australia, Canada, Chile, Peru, the Philippines, Papua New Guinea and the USA. Its operations and projects are administered through a regional divisional management structure, which ensures that critical decisions are taken close to the related businesses. It also has a recycling business (Xstrata Recycling) with plants in the United States and offices in Canada and Asia.

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