



SAGITTARIUS MINES, INC.

NEWS RELEASE

SMI comments on South Cotabato Environment Code

General Santos City, 10 June 2010

Sagittarius Mines, Inc. (SMI) notes that the Sangguniang Panlalawigan (SP) of South Cotabato has passed the South Cotabato Environment Code, a provincial ordinance that includes a proposed ban on the use of open pit mining methods in the province.

SMI President, Peter Forrestal said: "We are concerned by this development and its potential impact on the Tampakan Project, one of the largest undeveloped copper-gold projects in Southeast Asia.

"If developed, the Tampakan Project has the potential to significantly enhance the economic and social development of the Philippines and Mindanao, with a capital investment of over US\$5 billion and the creation of up to 9,000 jobs during construction and more than 2,000 during operation.

"As part of the project's extended pre-feasibility study phase, SMI undertook extensive technical studies, led by international specialists in mining and engineering, to assess potential mining methods for the Tampakan deposit.

"These studies identified open pit mining as the safest and only economic extraction method given the configuration of the deposit and the geology of the region.

"Under Xstrata Copper's management, SMI is advancing the Tampakan Project in line with international environmental, safety and technical leading practice.

"Xstrata Copper has a strong track record of successfully developing and operating open pit mines safely and to international sustainable development standards, and we continue to draw on this extensive expertise in progressing the Tampakan Project.

"The passing of this Code is particularly disappointing given the significant stakeholder support shown for the Tampakan Project during the public scoping meetings held late last year, and the recent formal recognition of the Tampakan Project by the Regional Minerals Development Councils of the 11th and 12th Regions of Mindanao as the Flagship Project for their respective regions.

"SMI remains committed to the principles of sustainable development endorsed by this Code and believes that open pit mining methods are entirely compatible with these principles as demonstrated by the leading sustainable development practices used in all of Xstrata Copper's open pit mines worldwide.

"The proposed ban on open pit mining methods by the SP runs contrary to the Philippine Mining Act of 1995 that allows the use of open-pit mining methods where approved by the Mines and Geosciences Bureau of the Department of Environment and Natural Resources.

"While we continue to progress our community engagement activities and specialist studies in relation to the Environmental and Social Impact Assessment (ESIA) process, we will monitor this issue closely over the coming months and consider our available options.

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“SMI will continue to undertake extensive, open and transparent public consultation with all project stakeholders regarding the development of the Tampakan Project.”

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