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TAMPAKAN PROJECT UPDATE

Indophil Resources NL (Indophil) has been advised by Tampakan Copper-Gold Project operating arm Sagittarius Mines Inc (SMI) and project manager Xstrata Copper (Xstrata) that they have provided the Philippine Government with an updated development plan that outlines the potential for commercial production to commence in 2019. See attached. The Mine Project Feasibility Study, submitted to government in 2010, had targeted first-production in 2016.

Before commenting on today's SMI-Xstrata announcement, Indophil notes that Philippines' President Benigno Aquino III recently visited Australia, and a major topic of bilateral discussion in Australia was the role that Australia does and can play in minerals development in the Philippines.

The State visit came off the back of the release of a new Mining Policy in the Philippines. Since the visit, the Philippine Government has issued its own legal opinion (from the Department of Justice) that certain local government ordinances adversely impacting minerals development, and hence foreign investment, are contrary to national law. This was immediately followed by the issuing of a directive from the National Secretary (Minister) for Interior and Local Government, requiring local government units in the Philippines to conform to national law. The visit to Australia by President Aquino was productive and constructive, and Indophil welcomes initiatives taken before, during and after the visit.

In today's announcement, SMI and Xstrata have expressed reasons for the revised project development plan, including:

- Extend the timeframe to obtain approval for project development from the affected communities;
 and
- Complete resettlement plans along with formalising consent of the Indigenous Peoples in the project area.

SMI and Xstrata also highlighted challenges facing project development, including:

- Restrictions on field activities resulting from security issues;
- A change of approach and redevelopment of power supply options;
- Ongoing uncertainty resulting from a local government ordinance that defies the Constitution and national laws; and
- The determination of an appeal to the Office of the President following the denial of a key environmental approval by the relevant national government department.

In commenting on the updated project development plan and the circumstances leading to it, Indophil's CEO, Richard Laufmann, today made the following observations:

- Xstrata's approach in the Philippines has been a welcome one of setting and maintaining high standards of design and technical project management performance, including the use of worldclass specialists;
- Indophil has for some time disagreed with several key assumptions made by Xstrata, and it is Indophil's view that a different approach is warranted;

- The Tampakan Project awaits a significant watershed in the form of the near-term acquisition of Xstrata by Glencore, which already has a significant and well-established presence in the Philippines. In this context, and underpinned by a considerable level of domestic support and expertise available through Indophil's influential Filipino shareholders, Glencore's imminent involvement in the Tampakan Project represents an opportunity to address Indophil's concerns regarding the project. To that end, Indophil has invited Xstrata to include a representative from Glencore and engage in a mediation process. Indophil has not, as yet, received a response from Xstrata; and
- The period leading up to the May 2013 elections in the Philippines represents a unique opportunity to strengthen understanding of the benefits that a flagship project like Tampakan can bring to the economy and the people of the Philippines while seeking to deliver a renewed vision of in-country support for the project.

Mr Laufmann also highlighted the world-class nature of the Tampakan deposit, and its current value in the context of Indophil's share price. Indophil is well funded with approximately \$240 million in cash which equates to cash backing of approximately 20 cents per share.

Outside the major mining houses, which tend to own most world-class deposits, this positions Indophil (ASX:IRN) as one of the lowest-cost investments into a Tier One copper deposit anywhere in the world.

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ABOUT TAMPAKAN

The Tampakan Copper-Gold Project, located on the island of Mindanao in the southern Philippines, is among the most attractive undeveloped long-life, large-scale and low-cost copper deposits in the world.

The Tampakan Project was discovered, and is being developed, under formal agreement (known as the Columbio FTAA) with the Philippine Government, on behalf of the people of the Philippines.

The Tampakan deposit contains an estimated 2.94 billion tonne mineral resource of approximately 15 million tonnes of copper and 18 million ounces of gold.

Tampakan is projected to produce 375,000 tonnes of copper and 360,000 ounces of gold per year in the initial mine-life of 17 years, with considerable and realistic potential for mine-life extension.



SAGITTARIUS MINES, INC.

MEDIA RELEASE

SMI ANNOUNCES AN UPDATED PROJECT DEVELOPMENT PLAN FOR THE TAMPAKAN COPPER-GOLD PROJECT

General Santos City, 12 December 2012

Sagittarius Mines, Inc (SMI) has provided the National Government's Mining Industry Coordinating Council with an updated project development plan for the Tampakan Copper-Gold Project that outlines the potential for commercial production to commence in 2019.

SMI President Mr Peter Forrestal said: "SMI has been working for more than 10 years with the affected communities, and remains committed to obtaining a social licence to develop the Project.

"We are now focussed on formalising the consent of the affected indigenous people, consulting with the community on resettlement plans and, following elections in May 2013, seeking formal local government endorsement for the Project.

"The scope of our community and consultation activities is unprecedented in the Philippines and reflects leading standards, consistent with the commitments of our managing shareholder, Xstrata Copper, and its partners in this joint venture.

"The Project has experienced a number of challenges since we submitted our Mine Project Feasibility Study. These have included restrictions on field activities resulting from security issues in the Project area; the need to reconsider our preferred power supply options for the Project; the on-going uncertainty created by a provincial ordinance that is in conflict with national law, and the denial of the Mine Environmental Compliance Certificate by the Philippine Department of Environment and Natural Resources, which is currently under appeal to the Office of the President.

"Given strong local community support, if local government endorsement and final approvals from the National Government are forthcoming, then subject to an investment decision by SMI's shareholders, construction could potentially commence in 2015, enabling commercial production in 2019.

"We are encouraged by consultations with our host communities, and welcome the national government's initiative since the release of the National Mining Policy, Executive Order No. 79, in July 2012. We believe the timely and successful implementation of EO 79 will help facilitate the Project's approval."

(ENDS)

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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 largest undeveloped copper-gold deposits in the Southeast Asia-Western Pacific region.

The Tampakan Project is a 2.94 billion metric ton deposit, containing 15 million tonnes of copper and 17.6 million ounces of gold at a 0.2% cut-off grade. In 2011, the Project employed approximately 393 employees and rotational shift work for a further 888 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).

About Xstrata

Xstrata is a major producer of a range of vital commodities used in everything from constructing buildings and delivering electricity, to developing jet engines and mobile phones. Xstrata is one of the top five global producers of copper, thermal and metallurgical coal, ferrochrome, zinc and nickel and also produces silver, lead, platinum, gold, cobalt and vanadium.

Founded in 2002 and headquartered in Switzerland, Xstrata operates in over 20 countries and employs over 70,000 people at more than 100 operations and projects around the world. Xstrata works in a responsible and sustainable way, with an entrepreneurial spirit and dynamic approach. For more information, visit www.xstrata.com

About Xstrata Copper

Xstrata Copper is the fourth largest global copper producer and one of the world's largest producers of smelter, refined and recycled copper, including from third party materials. Copper is essential to modern society, being used extensively in electronic, consumer and building products, and with its use in green-technologies, anti-microbial applications and ability to be recycled, it is playing a vital role in our sustainable future.

Headquartered in Brisbane, Australia, Xstrata Copper has operations and projects in eight countries and employs over 20,000 people. Xstrata Copper plays an important role in the communities hosting its operations and projects by providing jobs, training, infrastructure, income for suppliers and support for social development. For more information, visit www.xstratacopper.com