



## **MEDIA RELEASE**

# **XSTRATA COPPER ANNOUNCES A\$1 PER SHARE CASH OFFER FOR INDOPHIL RESOURCES**

Brisbane, 15 May 2008

### **Highlights**

- **Cash offer of A\$1.00 per share valuing Indophil at A\$426m<sup>1</sup>**
- **Premium of 28% to last close of A\$0.78**
- **Premium of 29% to one month volume weighted average price of Indophil shares**
- **Pre-commitment from Indophil's largest shareholder, Lion Selection to accept the Xstrata offer with respect to 17.76%, taking Xstrata's relevant interest in Indophil's shares to 19.99%**
- **Provides Indophil shareholders with an immediate opportunity to realise the full value of their stake in the Tampakan copper project in the Philippines for a risk-free, attractive cash premium that fairly values the potential of the project**
- **Enables Xstrata to increase its interest in the issued common shares of Sagittarius Mines, Inc. (SMI), the holder of the Tampakan copper project, to 100%**

Xstrata Queensland Limited (ABN 69 009 814 019) ("Xstrata") a wholly owned subsidiary of Xstrata plc (LSE: XTA.L, ZSE: XTA.S), announces its intention to make an all cash offer to acquire all of the issued and outstanding shares in Indophil Resources NL (ASX: IRN.AU) ("Indophil") for A\$1.00 per share, valuing Indophil's issued and to be issued share capital at approximately A\$426 million (US\$400 million)<sup>2</sup> ("Offer").

Xstrata's cash offer is priced at a 28% premium to the closing price of A\$0.78 per Indophil share on the Australian Securities Exchange (the "ASX") on 14 May 2008, and a 29% premium to the volume weighted average price of Indophil shares over the last month on the ASX. The Offer will be financed through Xstrata's existing credit facilities and cash on hand.

---

<sup>1</sup>Based on Indophil issued and to be issued share capital which includes: (1) 6.4 million options, (2) 1.4 million shares to be issued pursuant to management performance rights and (3) 37 million shares to be issued to Alsons Corporation pursuant to an agreement dated 16 March 2007 under which Indophil agreed to acquire a 5% beneficial interest in SMI

<sup>2</sup>Based on AUD:USD exchange rate of 0.94

Xstrata also announces that it has entered into a pre-bid acceptance agreement (subject to certain conditions) with Lion Selection Limited ("Lion Selection"), the largest shareholder of Indophil, in respect of a 17.76% stake in Indophil. Provided the conditions in the pre-bid acceptance agreement are met, Lion Selection will accept Xstrata's offer in respect of these shares. This agreement increases Xstrata's relevant interest in Indophil's shares to 19.99%.

Xstrata Copper Chief Executive, Charlie Sartain, said: "This offer represents a highly attractive premium to Indophil's current share price and gives its shareholders an immediate opportunity to realise a cash value for their investment without the risks inherent in developing a project of this scale. The decision by Indophil's largest shareholder, Lion Selection, to accept Xstrata's offer in respect of 17.76% of the shares in Indophil confirms the attractive value proposition offered."

Indophil's flagship asset is its 34.23% interest, with a right to acquire an additional 3.27%, in the Tampakan copper project in the southern Philippines. Xstrata Copper has management control and holds 62.5% of the issued common shares in Sagittarius Mines Inc, the holder of the project.

The Offer will be subject to certain customary conditions, including:

- Xstrata obtaining a relevant interest in 90% of Indophil's shares and Indophil's securities convertible into shares;
- no objection to the acquisition by Australia's Foreign Investment Review Board;
- the absence of a material adverse change with respect to Indophil's business and assets; and
- no "prescribed occurrences" as listed in section 652C of the Corporations Act 2001 (Cwlth) ("Corporations Act").

In addition, the offer will be conditional on the 50.1% minimum acceptance condition in the Indophil takeover offer for Lion Selection not being satisfied or waived or Indophil not declaring its offer for Lion Selection to be unconditional.

The conditions of the Offer are set out in further detail in Appendix 1.

In accordance with the Corporations Act, Xstrata expects to dispatch its Bidder's Statement to all Indophil shareholders containing detailed information relevant to the Offer as soon as practicable.

Deutsche Bank is acting as financial adviser and Allens Arthur Robinson is acting as legal adviser to Xstrata in relation to the Offer.

**A shareholder information line has been established by Xstrata. Shareholders should telephone 1300 764 181 within Australia and +61 3 9415 4239 outside Australia.**

***ENDS***

## **Australian Media Call**

Media representatives are invited to join a conference call with senior management of Xstrata Copper on Thursday 15 May, 2008 at 11.00am AEST by calling 1 800 885 612 within Australia or +61 2 8314 8650 outside Australia and entering conference number: 47935661. Please dial in 10 minutes before the scheduled conference time.

The teleconference will be recorded and will be available for playback by calling 1 800 766 700 within Australia or +61 2 8235 5000 outside Australia and entering conference number: 47935661. An audio file of the call will be available as an archive from Xstrata's website ([www.xstrata.com](http://www.xstrata.com)) following the event.

### **For further information, please contact:**

#### **Xstrata Copper**

Sue Sara  
Telephone: +61 7 3295 7535  
Mobile: +61 7 411 206 090  
Email: [suesara@xstrata.com.au](mailto:suesara@xstrata.com.au)

#### **Xstrata Copper**

Emily Russell  
Telephone: +56 2 4782204  
Mobile: +56 9 78879487  
Email: [erussell@xstratacopper.cl](mailto:erussell@xstratacopper.cl)

#### **Xstrata Group**

Claire Diver  
Telephone: +44 20 7968 2871  
Mobile: +44 7785 964 340  
Email: [cdivver@xstrata.com](mailto:cdivver@xstrata.com)

#### **Xstrata Group**

##### **Investors and analysts**

Hanré Rossouw  
Telephone: +44 20 7968 2820  
Mobile: +44 7879 455 885  
Email: [hrossouw@xstrata.com](mailto:hrossouw@xstrata.com)

#### **Deutsche Bank**

Alex Cartel  
*Managing Director*  
*Co-Head Natural Resources Group*  
Telephone: +61 3 9270 4475  
Mobile: +61 407 434 220  
Email: [alex.cartel@db.com](mailto:alex.cartel@db.com)

**[www.xstrata.com](http://www.xstrata.com)**

### **About the Tampakan copper project**

The Tampakan copper project is located on the southern Philippine island of Mindanao, approximately 65 kilometres north of General Santos City. The current project is situated on the boundary of three Provinces – South Cotabato, Sultan Kudarat and Davao Del Sur. The Tampakan copper gold deposit is located in the province of South Cotabato, municipality of Tampakan.

The Tampakan mineral resource is the largest undeveloped copper-gold deposit in South East Asia. The latest mineral resource estimate confirmed 2.2 billion tonnes containing 12.8 million tonnes of copper and 15.2 million ounces of gold at a 0.3% copper cut-off grade.

On 30 March 2007, Xstrata Copper acquired 62.5% of the controlling interest in the Tampakan copper project and assumed management control through its Philippines based affiliate Sagittarius Mines, Inc.

**[www.smi.com.ph](http://www.smi.com.ph)**

### **About Xstrata Copper**

Headquartered in Brisbane, Xstrata Copper is one of the commodity business units within the major global diversified mining group Xstrata plc. Its operations and projects span eight countries: Australia, Argentina, Chile, Peru, Canada, the USA, the Philippines and Papua New

Guinea. Its operations are administered by five separate divisions, based close to the mining operations, namely the North Queensland, Minera Alumbrera, North Chile, Southern Peru and Canada divisions. It also has a recycling business (Xstrata Recycling) with plants in the United States and offices in Canada and Asia.

Xstrata Copper's world-leading portfolio of growth projects includes Las Bambas in Peru, Tampakan in the Philippines, El Morro in Chile, El Pachón in Argentina and Frieda River in Papua New Guinea.

Xstrata Copper is the fourth largest global copper producer with annual attributable production capacity of over one million tonnes. It employs over 15,000 people, including contractors.

### **About Xstrata plc**

Xstrata is a global diversified mining group, listed on the London and Swiss Stock Exchanges, with its headquarters in Zug, Switzerland. Xstrata's businesses maintain a meaningful position in seven major international commodity markets: copper, coking coal, thermal coal, ferrochrome, nickel, vanadium and zinc, with additional exposures to platinum group metals, gold, cobalt, lead and silver, recycling facilities and a suite of global technology products, many of which are industry leaders. The Group's operations and projects span 18 countries: Argentina, Australia, Brazil, Canada, Chile, Colombia, the Dominican Republic, Germany, New Caledonia, Norway, Papua New Guinea, Peru, the Philippines, South Africa, Spain, Tanzania, the USA and the UK. Xstrata employs approximately 56,000 people, including contractors.

Xstrata is a major, long-term investor in Australia and currently employs over 11,000 people at its coal, copper, zinc and nickel operations in New South Wales, Queensland, the Northern Territory and Western Australia. Since 2002 Xstrata has invested over A\$16 billion (US\$11.2 billion) in Australia.

### **About Indophil**

Indophil Resources NL is an ASX listed company, incorporated in 1996, to acquire, explore for and develop gold and copper-gold opportunities in the Asia-Pacific region and it is now looking to broader horizons. Indophil's team is highly-experienced and successful in minerals development, with specialisation in the Philippines.

Indophil's focus has been the development of the world class Tampakan copper project in the southern Philippines. Indophil owns 34.23% of the Tampakan project, and has arrangements in place to lift that stake to 37.5%. The remaining 62.5% is held by Xstrata.

## **Appendix 1**

### **Conditions of the Offer**

---

#### **(a) Lion shareholder approval**

Before the end of the Offer Period:

- (i) the shareholders of Lion approve the sale of the Pre-bid Stake to Xstrata in accordance with the Pre-bid Agreement;
- (ii) Indophil waives the conditions of its takeover bid for Lion to the extent necessary to allow Lion to sell, and agree to sell, the Pre-bid Stake to Xstrata in accordance with the Pre-bid Agreement without Indophil's takeover bid for Lion being affected; or
- (iii) Indophil's takeover bid for Lion lapses or is withdrawn (for reasons other than failure to satisfy a condition of that bid where the failure is attributable directly or indirectly to Lion selling, or agreeing to sell, the Pre-bid Stake to Xstrata in accordance with the Pre-bid Agreement).

#### **(b) Minimum acceptance**

Before the end of the Offer Period:

- (i) Xstrata and its associates are entitled to compulsory acquisition of Indophil Shares under Part 6A.1 of the Corporations Act; and
- (ii) either alone or together with a related body corporate, Xstrata acquires a full beneficial interest in at least 90% by value of all the securities of Indophil that are Indophil Shares or convertible into Indophil Shares.

#### **(c) Indophil offer for Lion**

- (i) Before the end of the Offer Period, the 50.1% minimum acceptance condition under Indophil's takeover bid for Lion is not satisfied or waived by Indophil;
- (ii) Indophil does not extend the offer period under its takeover bid for Lion beyond 12 June 2008; and
- (iii) Indophil does not declare its offer for Lion to be unconditional.

#### **(d) Regulatory actions**

Between the date on which Xstrata makes an announcement to the ASX regarding its intention to make the Offer (**Announcement Date**) and the end of the Offer Period:

- (i) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority; and

- (ii) no application is made to any Public Authority (other than by Xstrata) or commenced by a Public Authority,

in consequence of or in connection with the Offer (other than application, decision or order made under, or relating to a breach of, Chapters 6, 6A, 6B or 6C of the Corporations Act or unacceptable circumstances for the purposes of the Corporations Act), which:

- (iii) restrains or prohibits, or otherwise materially adversely impacts upon, the making of the Offer or the completion of any transaction contemplated by the Offer; or
- (iv) seeks to require the divestiture by Xstrata of any Indophil Shares, or the divestiture of any material assets of Indophil or an Associated Entity of Indophil (**Indophil Group**) or of Xstrata or an Associated Entity of Xstrata (**Xstrata Group**).

**(e) Other regulatory approvals**

During the Offer Period, all regulatory approvals or waivers (**Approvals**) (other than Approvals the absence of which would not have a material adverse effect on the assets or operations of the Indophil Group, or the Xstrata Group) which are required by law or by any Public Authority as are necessary to permit the Offer to be made to and accepted by Indophil shareholders and to permit any transaction contemplated by the Offer to be completed are granted, given, made or obtained on an unconditional basis and remain in full force and effect in all respects and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the same.

**(f) FIRB**

One of the following occurs before the end of the Offer Period:

- (i) Xstrata receives a notice from the Treasurer of the Commonwealth of Australia (**Treasurer**) or his agent to the effect that there is no objection to the Offer under the Commonwealth Government's foreign investment policy, such notice being unconditional;
- (ii) the period provided under the Foreign Acquisitions and Takeovers Act 1975 (Cth) (as amended) (the **Act**) during which the Treasurer may make an order or an interim order under the Act prohibiting the acquisition of Indophil Shares under the Offer expires, without such an order being made; or
- (iii) if an interim order prohibiting such acquisition is made, the subsequent period for making a final order has elapsed, without such final order being made.

**(g) Options**

- (i) Between the Announcement Date and the end of the Offer Period, Indophil does not amend or vary the terms of any options granted by Indophil (other than to cancel those options in accordance with paragraph (ii) below).
- (ii) Before the end of the Offer Period, all of the options granted by Indophil have been exercised, or cancelled by Indophil (for an amount per option not exceeding the cash offered under the Bid for each Indophil Share minus the exercise price of the option).

**(h) Convertible securities**

- (i) Between the Announcement Date and the end of the Offer Period, Indophil does not amend or vary the terms of any convertible securities issued by Indophil or any rights granted by Indophil for the issue of Indophil securities (other than to cancel those securities or rights as contemplated by paragraph (ii) below).
- (ii) Before the end of the Offer Period, all of the convertible securities issued by Indophil and any rights granted by Indophil for the issue of Indophil securities have been converted, or cancelled by Indophil.

**(i) No material adverse change**

Save as publicly announced to the ASX prior to the Announcement Date, none of the following events has happened since 31 December 2007, and none of the following events happens or is disclosed between the Announcement Date and the end of the Offer Period:

- (i) any change in the business, assets, liabilities, financial or trading position, profitability or prospects, the status or terms of arrangements entered into with Indophil or any of its subsidiaries or the status or terms of any Approvals which are directly or indirectly applicable to Indophil or any of its subsidiaries (whether or not wholly or partly attributable to the making of the Offer, and/or the acquisition of Indophil Shares under the Offer), which has a material adverse effect on the assets, liabilities, financial or trading position, profitability, prospects or manner of conduct of any of the Indophil Group's businesses;
- (ii) any event, action, proceeding, circumstance or change in circumstance which is reasonably likely to result in a material adverse effect of the kind mentioned in paragraph (i) above; or
- (iii) the introduction into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia or of the Philippines (whether at a

national or provincial level) of any law, the making of any regulation under any law, the adoption of a policy, or any official announcement on behalf of the government of the Commonwealth of Australia or any State or Territory of Australia or the government of the Philippines (whether at a national or provincial level) or a Public Authority that such law or regulation will be introduced or policy adopted (as the case may be) which will or is reasonably likely to have a material adverse effect on the assets, liabilities, financial or trading position, profitability, prospects or manner of conduct of any of the Indophil Group's businesses (including but not limited to the Tampakan Project) or which will or is reasonably likely to result in the incurring of a material liability to the Xstrata Group or the Indophil Group in implementing the transactions contemplated by the Offer.

**(j) No material acquisitions, disposals or changes in the conduct of business**

Between the Announcement Date and the end of the Offer Period, each of the Indophil Group's businesses are carried on in the usual and ordinary course, and neither Indophil nor any subsidiary of Indophil:

- (i) enters into or announces an intention or proposal to enter into;
- (ii) discloses (without having disclosed to the ASX prior to the Announcement Date) the existence of; or
- (iii) incurs, becomes subject to, or brings forward the time for performance of (or is reasonably likely to incur, become subject to or bring forward the time for performance of),

any obligation or arrangement:

- (iv) to acquire, dispose of or create an Encumbrance in respect of or terminate or surrender any interest in any asset or business or any interest therein;
- (v) to perform or acquire the benefit of any services in relation to any asset or business or interest therein; or
- (vi) to enter into, terminate, amend or waive any of the terms applicable to a joint venture, asset or profit sharing, partnership or joint selling agreement, merger of businesses or of corporate entities, lease, licence or grant of any right,

which will result or is reasonably likely to result in a material adverse change, following the Announcement Date (as compared with the position immediately prior to the Announcement Date), in the assets, liabilities, financial or trading position, profitability, prospects or manner of conduct of any of Indophil Group's businesses, other than obligations or arrangements which have been publicly

announced to the ASX prior to the Announcement Date. Without limiting the operation of this clause, any action described in (i) to (iii) above in relation to the following transactions will be in breach of this clause:

- (vii) the acquisition or disposal of one or more companies or assets (or any interest in companies or assets) for an amount greater than \$10 million;
- (viii) the disposal of any legal or beneficial, direct or indirect, interest in the Tampakan Project (including the disposal of any share, or interest in a share, in Sagittarius Mines Inc.); or
- (ix) any transaction referred to in (iv) above involving a commitment of greater than \$10 million.

**(k) Dividends and distributions'**

Between the Announcement Date and the end of the Offer Period, no member of the Indophil Group makes, determines as payable or declares any distribution (whether by way of dividend, capital reduction or otherwise and whether cash or in specie).

**(l) Prescribed occurrences**

None of the occurrences specified in s652C of the Corporations Act happens between the Announcement Date and the end of the Offer Period other than the issue of Indophil Shares as a result of exercise of the options, convertible securities or rights to be issued Indophil securities described in paragraphs (g) and (h) above.

**(m) No hostilities**

Between the Announcement Date and the end of the Offer Period, no hostilities commence and there is no major escalation in any hostilities in existence as at the Announcement Date (whether war is declared or not) involving any one or more of Australia, the United States of America, the United Kingdom any member state of the European Union, Indonesia, Philippines, Japan, Russia or the People's Republic of China (other than peace keeping functions undertaken at the request of the United Nations, the North Atlantic Treaty Organisation or the European Union) and no terrorist act is perpetrated on any of those countries or any diplomatic or political establishment of any of those countries elsewhere in the world, and no national emergency is declared in any of those countries.

## Definitions

---

- (a) In this Appendix 1:

**ASX** means the Australian Securities Exchange.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Encumbrance** means an interest or power (whether existing or agreed to be granted or created):

- (i) reserved in or over any interest in any property, including any retention of title; or
- (ii) created or otherwise arising in or over any interest in any property under a bill of sale, mortgage, charge, lien, pledge, hypothecation, trust or power,

and any other restriction on the use of or exercise of a right over property, or on the registration of an interest in or dealing with (including a transfer of) property.

**Indophil** means Indophil Resources NL.

**Indophil Shares** means fully paid ordinary shares of Indophil.

**Lion** means Lion Selection Limited.

**Offer** means, as the context requires, the offer for Indophil Shares, or the off-market takeover bid constituted by that offer and each other offer by Xstrata for Indophil Shares in the form of that offer, including in each case as varied in accordance with the Corporations Act.

**Offer Period** means the period during which Offer remains open for acceptance.

**Pre-bid Agreement** means the pre-bid letter agreement entered into by Xstrata and Lion on 14 May 2008.

**Pre-bid Stake** means 67,691,281 fully paid ordinary shares in Indophil held by Lion or its related bodies corporate.

**Public Authority** means any government or any governmental, semi-governmental, statutory or judicial entity or authority, or any minister, department, office or delegate of any government, whether in Australia or in the Philippines or elsewhere. It also includes any self-regulatory organisation established under any statute and any stock exchange.

**Tampakan Project** means the project held by Sagittarius Mining under a Financial or Technical Assistance Agreement (Columbio FTAA No 02-95-XI) granted by the Philippines Government under Executive Order.

**Xstrata** means Xstrata Queensland Limited.

- (b) Capitalised terms appearing in this Appendix 1, if not defined in this Appendix 1, have the meaning given to them by section 9 of the Corporations Act.