

Quarterly Report

For the three months ending 30 June 2014

- With the successful completion of the Annual General Meeting of Indophil's shareholders on 22 May 2014 . . .
- And the imminent sale by Glencore of its interest in the Las Bambas Copper Project which is expected to release Glencore from Chinese Government conditions that may have required divestment of its stake in the Tampakan Copper-Gold Project . . .
- Indophil and Glencore share a strategic interest in the Tampakan Project, and with some recent encouraging progress in taking the Tampakan Project closer towards development approvals, we look forward to realising this value with Glencore.

The Annual General Meeting of Indophil Resources took place in Melbourne on 22 May 2014, with all three resolutions put to shareholders securing a greater than 98% approval.

At that meeting, Indophil's Chairman, Brian Phillips, focused on the future of the Company's key asset outside cash, the Tampakan Copper Gold Project in the southern Philippines. An extract of his address to shareholders is reprinted on page two of this report.

At the essence of these messages is the recent positive news from Glencore that all conditions to completion of the Las Bambas transaction have been satisfied, and the

Las Bambas sale process is now due to be completed in early August this year. This removes the Tampakan Project from the potential scenarios agreed to under the Glencore-Chinese Government conditions.

On the ground in the Philippines, considerable progress has been made during the quarter by Sagittarius Mines Inc., the Tampakan Project operating arm, in respect of national and local government understandings and approvals.

Richard Laufmann

CEO & MD
30 July 2014

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ANNUAL GENERAL MEETING

The Annual General Meeting of Indophil Resources' shareholders took place in Melbourne on 22 May 2014. All three resolutions put to shareholders received a greater than 98% approval.

AGM – EXTRACT FROM CHAIRMAN'S ADDRESS

" . . . When we held our AGM one year ago, the merger of Glencore plc and Xstrata plc, the latter being our Philippine-based Tampakan Copper-Gold Project partner, had been announced. Since that time, Indophil has had considerable and at times colourful interaction with the merged entity, Glencore Xstrata, now renamed Glencore.

"Our discussions have focused on the creation and implementation of a revised work plan for the Tampakan Project and on clarification of Glencore's ultimate intent in respect of its ongoing involvement in the project's development.

"The purpose of implementing the revised work plan, announced in August last year, was to rein in activity and expenditure while the Joint Venture partners (or contractors, as we are) seek to secure crucial support for the way forward from our other partner in project development, the Philippine Government, which is guardian to the Tampakan asset on behalf of the people of the Philippines.

"Glencore is well-documented as being wary of 'greenfield' projects, and Tampakan is a big 'greenfield' project. Strategically, Indophil holds a pre-emptive right over Glencore's 62.5% share of Sagittarius Mines Inc. (SMI: the in-country operating arm for Tampakan). This is a valuable advantage should Glencore wish to exit or sell down its equity in SMI.

" . . . progress in project development, has been overshadowed by conditions included in Glencore's April 2013 agreement with the Chinese Government's Ministry of Commerce (MOFCOM), put in place to allow the Glencore and Xstrata merger to proceed.

"In essence, Glencore's ownership in SMI and hence in the Tampakan Project was subjected to a requirement which, as a first preference, centred on the divestment of Glencore's interest in the 'greenfield' Las Bambas Copper Project in Peru. If the Las Bambas sale process failed to eventuate in a timely manner, a second line of mandated divestment included Glencore's interest in the Tampakan Project.

"Recently (13 April 2014), Glencore announced the divestment of its interest in Las Bambas to a consortium led by the Chinese-controlled and Australian-based MMG Limited. In principle, we understand that on closure, this divestment frees Glencore and therefore its interest in Tampakan from the MOFCOM conditions. The Las Bambas sale is expected to be completed prior to the end of Q3 this year. Late last year, Glencore Xstrata announced the sale, subject to the MOFCOM-Glencore agreement being satisfied, of its interest in the 'greenfield' Frieda River Copper-Gold Project in PNG to Australian-based PanAust Limited.

"The past 12 months have been challenging for all small-to mid-cap resources companies, including Indophil, and while there is no magical or immediately clear way ahead, the prospects for Indophil shareholders and the Tampakan Copper-Gold Project remain positive. We realise that Indophil must look to, and if necessary engineer, solutions and outcomes that will crystallise the value of our Tampakan equity and utilise our considerable cash position to deliver improved value for shareholders . . ."

FINANCIAL REPORTING AND CASH BALANCE

Indophil's cash balance at the end of the June 2014 quarter was \$208.7 million (previously \$211.7 million). Interest earned from cash-at-hand during the quarter was \$1.78 million.

During the quarter, a total of 30,750 options lapsed following the resignation of an employee.

CEO CONTRACT

The employment contract of Richard Laufmann as CEO has been extended for a further term of 12 months, from 1 June 2014 until 31 May 2015, on substantially the same terms as his previous arrangements, including remuneration and incentive terms.

SMI – TAMPAKAN PROJECT UPDATE

In late May, an attack on one of the SMI camp facilities by members of the New People's Army, the armed wing of the Communist Party of the Philippines, partially destroyed the facility. There were no casualties. The local community and SMI are disappointed at this attack, particularly given the clear and sustainable benefits already flowing to host communities within the village, municipal and provincial governments. As a contractor to the Philippine Government, SMI aims to deliver on its obligations on behalf of the project's shareholders for the benefit of investors and the Filipino people.

Positive progress has occurred since Indophil's last quarterly report, with indications of support from the national and local governments, providing encouragement for the ongoing approvals process. SMI has resubmitted project feasibility documents and other requirements to the government's Mines & Geosciences Bureau for detailed review and reconsideration.

The Mining Industry Coordinating Council (MICC), established by the Philippine Government, has directed SMI to commence the Local Government Endorsement process which has started positively and will continue over the coming months. The MICC also requested its associated government body, the National Commission on Indigenous Peoples, to commence planning with SMI for the local indigenous peoples' Free Prior Informed Consent (FPIC) process. Initial indications are that this FPIC process can commence later this year, and that the locally-affected indigenous people communities are commencing preparations for this crucial and important consent consideration process along with the accompanying agreements which would deliver sustainable benefits to these host communities.

TAMPAKAN AT A GLANCE

The Tampakan copper and gold deposit, discovered in 1992, is one of the largest-known undeveloped copper-gold deposits in the world. Tampakan is a 2.94 billion tonne mineral resource at 0.51% copper when measured at a 0.2% copper cut-off grade. It is estimated to contain 15 million tonnes of copper and almost 18 million ounces of gold, with potential for growth.

The Tampakan Mine Project Feasibility Study, completed in April 2010, outlines a proposed mining operation that involves:

- An initial 17 year life-of-mine, with potential for extension;
- A start-up milling capacity of 66 million tonnes per annum;
- Annual production of 450,000 tonnes copper and of 435,000 ounces gold over the first five years of operation;
- An average life-of-mine copper production rate of 375,000 tonnes per year;
- An average life-of-mine gold production rate of 360,000 ounces per year; and
- A development cost of US\$5.9 billion, including the provision of US\$900 million for a power station.

Indophil, through its shareholding in SMI, holds a strategic 37.5% stake in the Tampakan Project while Glencore holds the balance. In turn, as the holder of the Tampakan Project Financial and Technical Assistance Agreement (the Cumbio FTAA – No. 02-95-XI, granted on 22 March 1995), SMI acts as a contractor to the Philippine Government on behalf of the people of the Philippines.

EXPLORATION PROGRAM – THE PHILIPPINES

NORTHERN LUZON

The Balatoc Copper-Gold Project: Indophil is working with the Balatoc indigenous people to gain title and access to the property. Progress continues to be made in the Company's favour to resolve the competing claims covering the exploration permit applications.

EASTERN MINDANAO

The Manat Gold Project: Indophil and the Philippine-based Alsons Group continue to manage the project which is preparing additional information that is required by government to complete the Declaration of Mining Feasibility. Indophil continues to seek an exit from this project.

Elsewhere, several properties were reviewed during the quarter, but none met the Company's investment criteria.

SCHEDULE OF INTERESTS IN APPROVED MINING TENEMENTS *

Tenement	Approval Date	Current Ownership	Project	Area (Km ²)	Agreement Type	Equity (%)
FTAA 02-95-X1 (Cumbio)	23/03/1995 (R)11/12/02	Sagittarius Mines, Inc.	Tampakan	304.9	Operating Royalty	37.5
MPSA 094-97-XI	20/11/1997 (R)12/04/2002	Alsons Development Corporation	Manat	15.47	Farm-in & JV	25

* No mining or exploration tenements were acquired or disposed of during the quarter.

CORPORATE INFORMATION

ASX listed code	IRN
Total listed shares	1,203,146,194
Unlisted options	2,730,000
Share price trading range for the June 2014 quarter:	
High	18c
Low	13c
Current	21.5c

Directors

Non-Executive Chairman	Brian Phillips
CEO and Managing Director	Richard Laufmann
Executive Director	Tony Robbins
Non-Executive Director	Kyle Wightman
Non-Executive Director	David Carland
Non-Executive Director	Nicasio Alcantara
Non-Executive Director	Frederic DyBuncio
Company Secretary	Kay Donehue
Chief Financial Officer	Anita Addorisio

FOR FURTHER INFORMATION, PLEASE CONTACT:

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All currencies in Australian dollars unless stated otherwise.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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Mining exploration entity and oil and gas exploration entity quarterly report

Indophil Resources NL

ABN

45 076 318 173

Quarter ended ("current quarter")

30 June 2014

Consolidated statement of cash flows

		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(309)	(615)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(3,462)	(7,276)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1,782	3,548
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	(229)	(463)
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		(2,218)	(4,806)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(4)	(9)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities – SMI Tampakan Project	(775)	(1,569)
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		(779)	(1,578)
1.13	Total operating and investing cash flows (carried forward)	(2,997)	(6,384)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,997)	(6,384)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(2,997)	(6,384)
1.20	Cash at beginning of quarter/year to date	211,703	215,093
1.21	Exchange rate adjustments to item 1.20	(4)	(7)
1.22	Cash at end of quarter	208,702	208,702

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2
1.24	Aggregate amount of loans to the parties included in item 1.10

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Interest Income

\$5,272,167 has been recorded as interest income on advances to associate entities for the period 1 January 2014 to 30 June 2014. The interest income is recorded as additional advances in the accounts and therefore is a non-cash settlement.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Financing facilities available

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,000
4.2 Development	-
4.3 Production	-
4.4 Administration	2,000
Total	3,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	553	1,204
5.2 Deposits at call	208,149	210,499
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	208,702	211,703

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report
Issued and quoted securities at end of current quarter

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	1,203,146,194	1,203,146,194		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 *Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options	910,000 910,000 910,000	Nil Nil Nil	Exercise price \$0.25 \$0.28 \$0.31	Expiry date 19 December 2015 19 December 2016 19 December 2017
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired / lapsed during quarter	10,250 10,250 10,250		\$0.25 \$0.28 \$0.31	24 April 2014 24 April 2014 24 April 2014
7.11 Debentures				
7.12 Unsecured notes				

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement gives a true and fair view of the matters disclosed.

Signed: 
Kay Donehue, Company Secretary

Date: 30 July 2014

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities:** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards:** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.