



Phillips River

ASX ANNOUNCEMENT

15 October 2014

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PHILLIPS RIVER SIGNS DEFINITIVE AGREEMENT WITH KIWANDA AND LARA EXPLORATION LTD IN RESPECT OF THE ACQUISITION OF PHOSPHATE AND COAL INTERESTS IN SOUTH AMERICA

October 15, 2014 (ASX:PRH) – Phillips River Mining Limited (“Phillips River” or the “Company”) in May advised the terms the Company had agreed to acquire assets from Kiwanda Mines LLC (“Kiwanda”) and its partner, Lara Exploration Ltd. (TSX Venture: LRA). This announcement is an update to the previous announcement.

The Company is now pleased to advise that on 15 October, 2014 it signed a further Definitive Agreement which includes additional assets to the original agreement.

Under the terms of the Definitive Agreement, Phillips River will now acquire the following assets and options:

- a) An option to acquire a 100% interest in the Bifox phosphate mining rights in northern Chile.
- b) A 100% interest in the KI phosphate exploration rights adjacent to the Bifox mining rights.
- c) A 19.9% interest in central Colombian coal producer Carbhid S.A.
- d) An ongoing option to earn an increasing interest up to 51% in the operating Escalones coal mine and further rights owned and operated by Carbhid in central Colombia.
- e) An option to earn a 100% interest in the Pelaya coking coal prospect in northern Colombia.

The amount payable for the phosphate assets will be determined by an independent valuation which after deduction of an initial US\$320,000 payment to Lara, will be satisfied by the issuance of shares of Phillips River, the first 50% of which will be paid on closing and the remaining 50% of which will be paid on achievement of production and resource establishment milestones.

For the coal assets, Phillips River will pay an amount determined by an independent valuation which, after deduction of an initial US\$450,000 payment to Lara, will be satisfied by the issuance of shares of Phillips River (split 50% to Kiwanda and 50% to Lara), 60% will be paid on closing and the remaining 40% will be paid on achievement of production and resource establishment milestones.

All shares issued to Kiwanda and Lara will be at a deemed price of A\$ 0.20 each. Phillips River will assume the day-to-day management and costs of these assets. Lara will have the right to appoint a director to the Phillips River's board of directors.

Directors of the Company are currently pursuing the completion of the valuations in order to present the proposal to shareholders for their approval.

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For further information contact:

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