

ASX ANNOUNCEMENT

27 SEPTEMBER 2011

Phillips River Mining NL
ABN 61 004 287 790

Unit 46/328 Albany Highway
VICTORIA PARK WA 6100

T: 08 6250 4600
F: 08 6250 4699
info@phillipsriver.com.au

CONTACT

Jason Stirbinskis
Managing Director

WEBSITE

www.phillipsriver.com.au

ASX CODE

PRH



Phillips River

OFFTAKE AGREEMENT – FURTHER DETAILS

On 20 September 2011, Phillips River Mining NL ('Phillips River', 'the Company', ASX code: PRH) announced an off take agreement for the lead/zinc concentrate generated from the Phillips River project.

The Company is now able to share greater detail of this important agreement with LN Metals International Ltd as principle.

- The off take agreement covers all production of Bulk Concentrate (lead/zinc) produced from the trilogy polymetallic mine which equates to approximately 110kt of concentrate over 6 years.
- First delivery will be in 2013 and ramping up to an approximate annual average of 20kt in 2014.
- Treatment charges will be linked the Asian benchmark.

LN Metals is a London based private company established in 1998 and acts as agent and physical merchandiser for a number of metals including copper, iron, lead, zinc, cobalt and others. LN Metals is 47% owned by Rand Merchant Bank (RMB).

The life of mine contract generates approximately \$100M in revenue net of charges and inclusive of silver credits.

The Company will now direct its attention to the Copper Concentrate off take which is in excess of 4 times the value of the Bulk Concentrate off take.

The Company's Managing Director, Jason Stirbinskis said "This is an extremely important milestone for Phillips River, the project has been significantly de-risked and the interest in the Copper Concentrates has substantially increased since announcing this off take agreement. Management will now proceed with these off take discussions and Debt funding."

For further information please contact:

Jason Stirbinskis
Managing Director
(08) 6250 4600

ABOUT PHILLIPS RIVER

Phillips River Mining NL ("Phillips River") has highly prospective and considerable holdings in Western Australia's southern region near Ravensthorpe, about 180kms from the sea port of Esperance.

DFS OUTPUTS - Announced 11/2/11	
Capital cost	\$133m
Total Revenue	\$1.05b
Life of Mine (LOM)	10 years
Gross operating cost LOM	\$589m
Cashflow before tax over LOM	\$224m
NPV (8%)	\$72.4m
IRR pretax	26%
IRR after tax and gearing	22.40%
Payback	5 years
Development time	15 months

The Phillips River Project is the company's flagship project and consists of 4 mines containing gold, copper, silver, zinc and lead mineralisation and a ~1Mtpa processing facility. The company is targeting construction in 2012 and production in 2013. Based on current studies, the Company expects the Phillips River Project to generate ~AUD\$1Billion in revenue through gold dore and copper and base metal concentrates sales. The Company is confident that operating life will extend well beyond the initial 10 years given that mines comprising the project remain open at depth and the Company has a very significant (~2500km²) and prospective portfolio in the area.

PHILLIPS RIVER PROJECT RESERVE – Announced 11/2/11							
Mine	Classification	Mt	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
Trilogy Pit	Proved	0.3	2.2	45	0.4	0.2	0
Trilogy Pit	Probable	4.04	0.8	57	1.1	2.7	1.6
Trilogy U/G	Probable	0.28	1	26	1.3	1.9	1.8
Subtotal Trilogy Ore Reserve		4.63	0.9	55	1.1	2.5	1.5
Flag Pit	Probable	0.21	4	3.5	0.5		
Harbour View Pit	Probable	0.2	3.2	1.5	0.38		
Kaolin Pit	Probable	1.27	2.8	1.7	0.18		
Flag U/G	Probable	0.24	5	3.5	0.45		
Harbourview U/G	Probable	0.75	3.5	4	0.68		
Kaolin U/G	Probable	0.14	4.4	3.2	0.28		
Subtotal Kundip Ore Reserve		2.81	3.4	2.7	0.38	0	0
Subtotal Proved	Proved	0.3	2.2	45	0.35	0.15	0.01
Subtotal Probable	Probable	7.13	1.8	35	0.82	1.62	0.97
Total PRP Ore Reserve		7.44	1.8	35	0.8	1.56	0.93

Competent Person's Statement

The information in this report that relates to Exploration Results, and information in this Ore Reserve statement that relates to Mineral Resource estimates defined as part of the June 2010 Mineral Resource are based on information compiled by Mr Bruce Armstrong, who is a Member of The Australasian Institute of Geoscientists. Mr Armstrong is a full time employee of Phillips River Mining, and has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The information in this Ore Reserve statement that relates to Ore Reserve estimates is based on information compiled by Mr Geoff Davidson, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Davidson is a Principal Consultant and Director of Mining and Cost Engineering Pty Ltd and has sufficient relevant experience to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The Competent Persons have consented to the inclusion in the report of the matters based on their information in the form and context in which it appears.

This announcement contains certain statements which may constitute "forward-looking statements". Such statements are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance achievements to differ materially from those expressed, implied or projected in any forward-looking statements. No representation or warranty, express or implied, is made by Phillips River Mining that the material contained in this presentation will be achieved or prove to be correct