

ASX ANNOUNCEMENT

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Phillips River Mining NL
ABN 61 004 287 790

1315 Hay street
WEST PERTH WA 6005

T: 08 6254 3900
F: 08 6254 3999
info@phillipsriver.com.au

CONTACT

Jason Stirbinskis
Managing Director

WEBSITE

www.phillipsriver.com.au

ASX CODE

PRH



Phillips River

PROJECT FLEXIBILITY ENHANCES ECONOMICS

HIGHLIGHTS

- **Gold production brought forward**
- **Debt repaid earlier**
- **Aggressive Gold Exploration program planned**
- **Current global Resource includes 0.95Moz Gold**

Phillips River Mining NL (“Phillips River” or “The Company”, ASX:PRH) is pleased to announce that it has commenced a strategic re-scheduling of the Phillips River Project to advance gold production ahead of the Trilogy poly metallic production.

The Phillips River Project DFS base case announced in February 2011 involved mining the copper rich Trilogy polymetallic ore body followed by the **gold rich** Kundip operations.

The intended re-schedule strategy brings Kundip operations on earlier to maximise early gold revenues which is expected to significantly enhance project economics and bring debt payback forward a number of years.

The major benefits being

- Faster project payback
- More appealing debt proposition
- Maximise revenues from strong medium term gold price
- Opportunity to hedge gold at current high prices
- Company can progress Copper Concentrate Offtake and subdebt talks without any short term pressure
- Exploration to focus on conversion of near term gold targets

The Company’s Managing Director, Jason Stirbinskis, said “The Phillips River Project has this inherent flexibility of being able to alter the production profile of particularly copper and gold to maximise the value of metal price trends. We’ve seen the gold price increase by 25% since writing the DFS and with a very encouraging outlook for gold, the argument to bring Kundip production forward is compelling”. The Company is targeting production for late 2013.

The Company holds ~2500km² of tenements in the area hosting numerous gold and polymetallic targets. Mr Stirbinskis added “The Company plans to run an intensive exploration program in the region in H1 2012 to follow up on some of the great results from the 2011 program however we will now focus more on the near term gold opportunities to potentially add to our global resource (table 3) currently tantalizingly close to 1Moz gold”.

For further information contact:
 Jason Stirbinskis – Managing Director
 +618 6254 3900

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



GLOBAL RESOURCE TABLE: OCTOBER 2011							
GOLD AND COPPER RESOURCE TABLE: KUNDIP PROJECT AND OTHERS*							
CATEGORY		Mt	Au	Ag	Cu	Pb	Zn
			(g/t)	(g/t)	(%)	(%)	(%)
MEASURED		0.00	0.00	0.0	0.0		
INDICATED		4.39	3.41	2.5	0.4		
INFERRED		4.55	2.10	2.1	0.3		
SUB TOTAL		8.94	2.74	2.3	0.3		
BASE METAL RESOURCE TABLE: TRILOGY PROJECT**							
MEASURED		0.31	2.4	41	0.3	0.1	0.0
INDICATED		5.75	0.7	48	1.1	2.1	1.3
INFERRED		0.18	0.6	12	0.8	0.2	0.2
SUB TOTAL		6.24	0.82	47	1.0	2.0	1.2
GLOBAL RESOURCE TABLE: GRADE							
MEASURED		0.31	2.4	41.2	0.3	0.1	0.0
INDICATED		10.14	1.9	28.3	0.8	1.2	0.7
INFERRED		4.74	2.0	2.5	0.3	0.0	0.0
GRAND TOTAL		15.19	1.95	20.5	0.6	0.8	0.5
GLOBAL RESOURCE TABLE: CONTAINED METAL							
		Mt	M Oz	M Oz	t (000)	t (000)	t (000)
MEASURED		0.31	0.02	0.41	0.9	0.4	0.0
INDICATED		10.14	0.62	9.21	78.1	122.5	73.9
INFERRED		4.74	0.31	0.39	16.2	0.3	0.3
GRAND TOTAL		15.19	0.95	10.01	95.3	123.3	74.3

Table 3: Phillips River Mining – Global Resource

*- Based on wire-framing to drill holes on a 1.0g/t Au cut-off for shallow resource, and 3.0g/t Au. for deeper mineralisation, and reporting to a 1g/t Au cut-off.

** -Based on wire-framing to drill holes on a 0.5% Cu equivalent cut-off and reporting to a 1% Cu equivalent cut-off.

Oxide Cu eq. = (Au ppm * 9775)+(Ag ppm * 150.4) +(Cu ppm):

Sulphide Cu eq. = (Au ppm *4720)+(Ag ppm * 75.5)+(Cu ppm)+(Pb ppm * 0.2384) + (Zn ppm * 0.1925)

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