

ASX ANNOUNCEMENT

12 OCTOBER 2011

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

MAIDEN GIFT SOUTH RESOURCE ESTIMATE

HIGHLIGHTS

- **Initial Resource estimate delivers 940kt @ 0.76g/t Au for 23,000 contained Oz gold**
- **Near Surface Alluvial Style Mineralisation**
- **Immediate potential for resource extensions**

Phillips River Mining NL ("Phillips River" or "The Company", ASX:PRH) is pleased to announce the maiden resource estimate of the Gift South deposit, located adjacent to the Kundip project area which forms part of the planned \$1Billion Phillips River Project scheduled for development next year.

GIFT SOUTH RESOURCE TABLE - OCTOBER 2011		
Resource Category	Tonnes (000)	Gold (g/t)
Measured		
Indicated		
Inferred	941	0.76
TOTAL	941	0.76

GLOBAL RESOURCE TABLE - CONTAINED GOLD		
Resource Category	Tonnes (000)	Ounces (000)
Measured		
Indicated		
Inferred	941	23
TOTAL	941	23

Table 1: Gift South Resource Table

Resource estimated using Ordinary Kriging using Surpac software. Mineralised solids based on target 0.20g/t Au low cut, minimum 1m wide drill intersection, and extended through sub-grade material where geological continuity is evident. Resource reported to 0.25g/t Au cut-off. Assays based on 50gm fire assay by Arum Laboratories, from variously riffle split sub-sample or whole of sample, followed by standard sample preparation.

The Resource estimate follows from recent aircore drilling (results announced 25/8/11) and takes the Company's gold inventory to 0.95Moz (table 4).

The mineralisation is located within existing Kundip mining leases and is interpreted as alluvial in nature. The mineralisation occurs from 4m below surface in unconsolidated sediments and does not appear to be controlled by the current local drainage system. The deposit remains open and other analogous sites have been identified within the region that may also potentially host alluvial style gold mineralisation.

The Company's Managing Director, Jason Stirbinskis, said "That fact that it occurs in near surface, unconsolidated sands suggests that mining costs will be low and if the mineralisation proves to respond well to gravity separation, as we expect, then we are looking at a potentially very economically attractive supplement to our Phillips River Project. In addition, we have not established the primary source of this gold occurrence and our ongoing exploration efforts will include looking 'upstream' for the gold source.

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

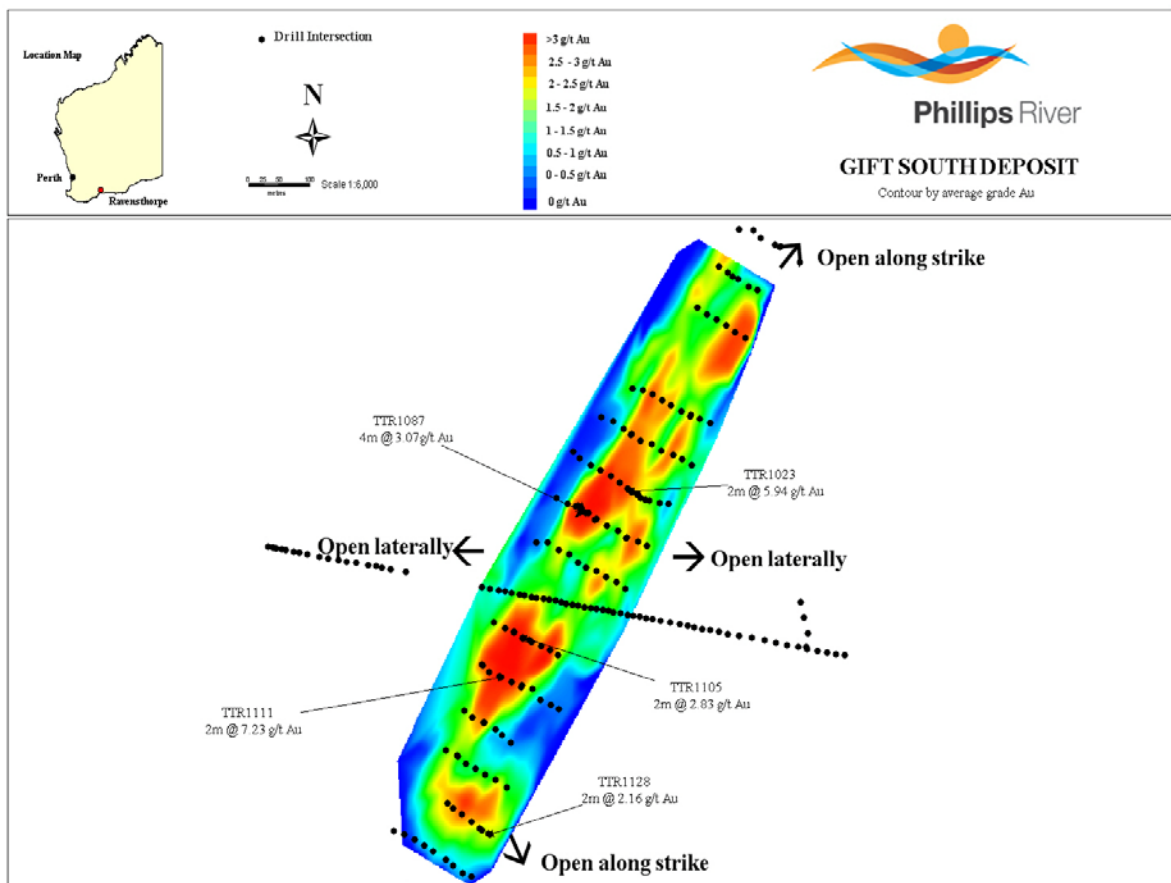


Figure 1: Gift South plan view showing Au mineralisation and previously announced drill hole intersection points.

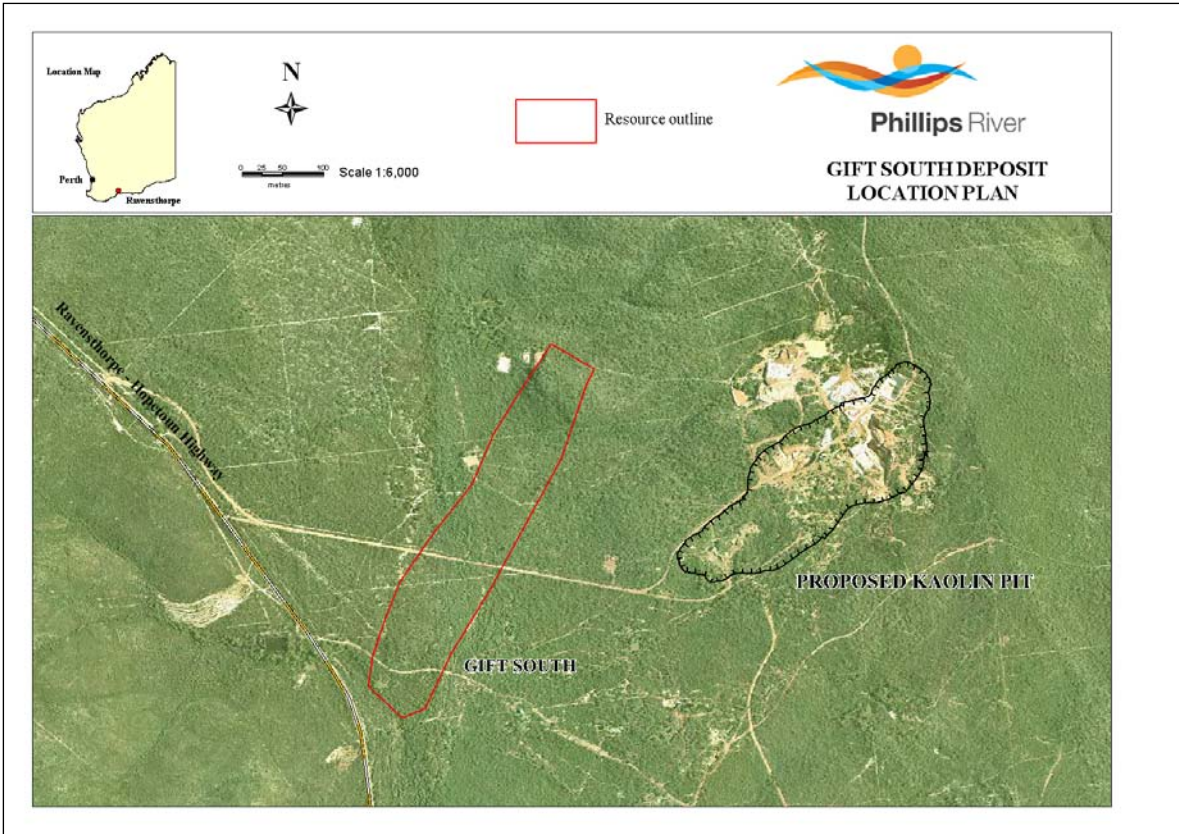


Figure 2: Location of Gift South Resource in relationship to proposed Kaolin pit.

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: September 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 4: 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