

ASX ANNOUNCEMENT

27 JANUARY 2012

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ASX CODE

PRH



Land Acquisition on Chidnup Fault

HIGHLIGHTS

- **Acquisition of 3.1km² tenements**
- **Tenement adjacent to Company's holding**

Phillips River Mining Ltd ("Phillips River" or "the Company", ASX:PRH) is pleased to announce that it has entered into an agreement with Galaxy Resources Limited ("Galaxy") to acquire 4 tenements of 3.1km² within the Ravensthorpe region.

The transaction includes the 'Mt McMahon' tenements 4km ENE of Ravensthorpe and comprising P74/334, M74/165 and M74/184. The tenements contain the prospective Mt Benson and Last Chance mines which were historically the main producers from the Mt McMahon group. (fig 1).

The new tenements consolidate Phillips River tenure along the prospective Chidnup Fault zone, which is the focus of gold and copper mineralisation in the Achaean (fig1).

Subject to certain conditions, the transaction also includes Galaxy's interest in the Mosaic tenement (M74/136). This area is located 3km from the Kundip project, and contains shallow historic gold workings.

Phillips River acquires the tenements through awarding Galaxy, at Phillips River's election, \$250,000 in cash or the equivalent in fully paid ordinary shares in the capital of Phillips River based on the volume weighted average share price for Phillips River shares traded on the ASX on each of the 5 consecutive trading days immediately preceding the completion date.

Completion of the acquisition is subject to:

1. the signing of deeds with the relevant native title claimants reflecting the change in ownership;
2. obtaining Ministerial consent under the Mining Act 1978; and
3. Galaxy becoming the registered holder of the Mosaic Tenement (M74/136). If this condition is not satisfied, then Phillips River has the right to exclude this tenement from the agreement and reduce the consideration to \$231,000 or equivalent in Phillips River shares.

If all conditions are not satisfied or waived within 6 months then either party may terminate the agreement.

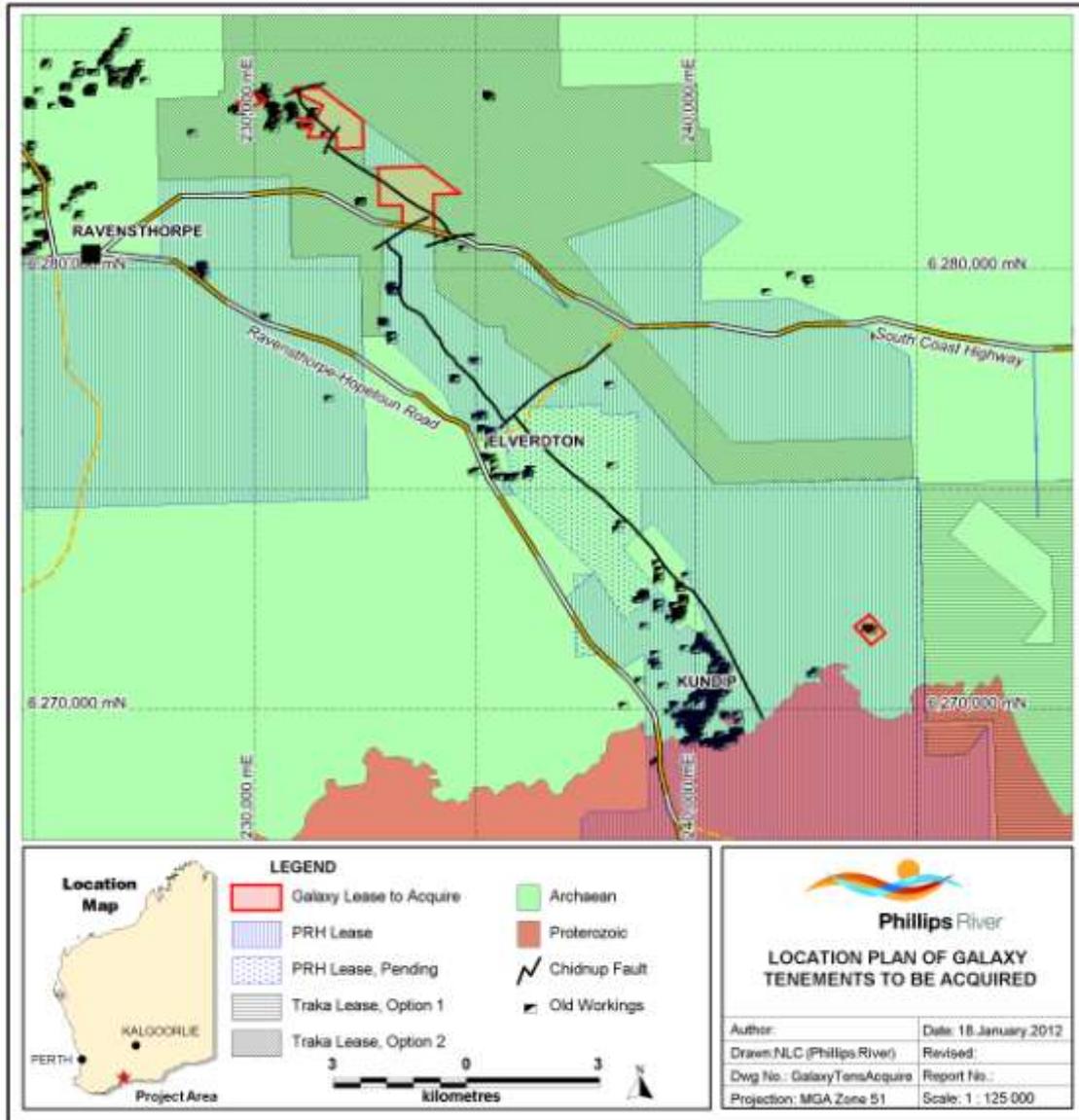


Figure 1: Plan of tenements to be acquired.

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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 Competent Person has 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.