



MINING LEASE APPLICATION SUBMITTED FOR MONTY COPPER-GOLD PROJECT

Highlights

- **16.42 square kilometre (km²) Mining Lease Application lodged** with the Western Australian Department of Mines and Petroleum for the **Monty Copper-Gold Project**
- **Preferred box-cut location selected for the decline entrance portal**
- **Feasibility Study now being progressed by the Joint Venture with multiple work streams in progress**; the Feasibility Study is targeted for completion in the March 2017 Quarter
- **Multi-pronged exploration programs continuing at both the Monty and Homer trends** including systematic aircore drilling, RC and diamond drilling, DHEM (down-hole EM) surveys and IP surveys

Sandfire Resources NL (ASX: SFR; "Sandfire") is pleased to advise that, as manager of the Springfield Joint Venture, it has submitted a Mining Lease Application (MLA) to the Department of Mines and Petroleum of Western Australia (DMP) over the **Monty Copper-Gold Project** (Monty Project), located 10km east of its DeGrussa Copper-Gold Mine.

Sandfire is manager of the Springfield Unincorporated Joint Venture, which comprises participating interests of Sandfire (70%) and Talisman Mining Limited (ASX: TLM; "Talisman") (30%).

The decision to proceed with a Mining Lease Application follows the completion of a high-level study to identify the primary value drivers for the Monty deposit and determine the development pathway for the project.

This study identified no fatal flaws and investigated the optionality of various project elements including surface infrastructure locations, site access, mining methods and permitting and approval pathways. This study has identified the preferred location of surface infrastructure including the box-cut and decline entrance portal.

A maiden JORC 2012 compliant Indicated and Inferred Resource of **1.05 million tonnes grading 9.4% copper and 1.6g/t gold** was completed for the Monty copper-gold VMS deposit in April 2016 (see *ASX Announcement – 13 April 2016*), providing the foundation for a potential new satellite mining operation located 10km east of the DeGrussa Copper-Gold Project.

The area of the Mining Lease Application is approximately 16.42 km² and covers the footprint of the known mineralisation of the Monty VMS deposit as well as the surrounding area which will be required for a box-cut and decline portal and other supporting mine infrastructure and services such as an electrical sub-station to provide power to the underground mine, workshops and offices.

Given the proximity of Monty to the existing DeGrussa Copper-Gold Mine, it is envisaged that a number of mining, administrative and support services will be provided by the existing mining and infrastructure services and facilities at DeGrussa.

The Mining Lease Application process will be progressed in parallel with consultations and negotiations with relevant stakeholders and preparations for future mining activities.

Feasibility Study

Sandfire, as Manager of the Springfield Joint Venture, has commenced a Feasibility Study on the Monty Project. Several work streams are in progress as part of this Feasibility Study, including:

- Metallurgical testwork is underway with specific focus on comminution and flotation test work;
- Geotechnical and structural geology studies are well advanced following completion of targeted geotechnical diamond drill holes through the Monty ore body;
- Mine design engineering has commenced following release of the Mineral Resource with stoping, ore access and ventilation work underway;
- A preferred box-cut location has been selected with follow-up geotechnical drilling to commence shortly; and
- A proposed haul road route between the DeGrussa operations and the Monty Project is under evaluation with design work to follow.

In parallel with the Feasibility Study activities, negotiations are continuing to progress formal agreements between Sandfire and Talisman relating to Monty construction and mining activities, as well as potential ore process routes and terms.

Ongoing Exploration

Exploration programs planned or currently in progress in the Monty area include:

- Systematic aircore drilling to accurately delineate the interpreted VMS horizon along the prospective host horizon;
- Reverse Circulation drilling (with diamond tails if required) within the interpreted VMS horizon along strike from Monty to inform the interpretation of the host stratigraphy;
- Diamond drilling to test the areas down-dip and down-plunge of the Monty deposit;
- DHEM surveys of all RC and diamond drill-holes as part of this new phase of exploration following completion of the resource definition drill-out; and
- Development of a structural geology model to provide additional context regarding the location and geological setting of Monty.

Management Comment

Sandfire's Managing Director, Mr Karl Simich, said the lodgement of a Mining Lease Application for Monty and the commencement of a Feasibility Study demonstrated the clear intent of the Springfield Joint Venture to bring the Monty deposit into production as rapidly as possible.

"With an exceptionally high-grade resource containing almost 100,000 tonnes of copper and 55,000 ounces of gold, Monty is a valuable and strategic asset with the potential to make a significant contribution to our future production profile at DeGrussa," he said.

"While we are continuing to progress systematic exploration activities aimed at discovering additional VMS lenses in the near-mine environment, we are also committed to advancing the commercial evaluation of the deposit as quickly as possible and working with our joint venture partner, Talisman Mining, to unlock the significant value of this strategic resource.

"We look forward to receiving the results of the Monty Feasibility Study early next year which will include the results of a study on integrating ore feed from Monty into the future production profile at DeGrussa."

“We expect that this will pave the way for a positive development decision, allowing the joint venture partners to proceed with the construction of a new satellite underground mining operation at Monty – marking the start of an exciting new growth chapter for the DeGrussa-Doolgunna region.

“Given that our exploration focus is also now shifting from inward-looking resource definition to outward-looking exploration along the Monty corridor and at depth, we are confident that our ongoing aggressive exploration activities in this area will yield further success.

“Our exploration team has been able to leverage off the vast amount of information gleaned from the Monty discovery to sharpen our targeting approach and we have multiple programs now underway, all of which are designed to make the next breakthrough in this highly prospective region.”

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For further information contact:

Sandfire Resources NL

Karl Simich – Managing Director/CEO

Office: +61 8 6430 3800

Read Corporate

Mobile: +61 419 929 046 (Nicholas Read)

Mobile: +61 421 619 084 (Paul Armstrong)

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