



ASX/Media Release

Sunday, 4 August 2013

OFFICIAL OPENING OF DEGRUSSA COPPER MINE

KEY MILESTONE ACHIEVED AS WA PREMIER OPENS THE STATE'S LARGEST COPPER MINE

Sandfire Resources NL (ASX: **SFR**; "Sandfire") today celebrated a key milestone in its rapid emergence as one of Australia's leading mid-tier mining companies with the official opening of the DeGrussa Copper Mine by the Hon. Colin Barnett MLA, Premier of Western Australia and Minister for State Development and Science.

The official opening ceremony was held on site at DeGrussa, approximately 900km north-east of Perth, on the eve of the Annual Diggers & Dealers Mining Forum in Kalgoorlie.

It comes just over four years after Sandfire first made headlines around the world with the discovery of the exceptional high-grade DeGrussa VMS copper-gold deposit during a drilling program targeting oxide gold managed by Sandfire's Technical Director, John Evans. In recognition of the stunning find, Mr Evans shared the prestigious AMEC 2010 Prospector of the Year Award with the young contract geologist on the drill rig, Margy Hawke, and Sandfire's founding Director, the late Graeme Hutton.

Since then, Sandfire has set new benchmarks for the rapid and efficient development of Western Australian mineral resources, completing an aggressive resource drill-out, feasibility studies, approvals, financing, construction and development – from discovery drill-hole to first product sales in just three years.

Mining commenced initially via a 2-year open pit operation in parallel with the development of a longer-term underground mine which is now ramping up to a full production rate of 1.5Mtpa. Ore is fed to an on-site Concentrator which produces high-quality copper concentrate grading 25% Cu. The copper concentrate is transported for export through Port Hedland and Geraldton.

DeGrussa has already produced over 70,000 tonnes of copper metal and 50,000oz of gold worth over \$500 million since operations started, including 64,017 tonnes of copper and 42,697oz of gold for the 2013 financial year.

The ramp-up to full nameplate production is nearing completion. Sandfire has provided production guidance for the 2014 financial year of 65-75,000 tonnes of contained copper-in-concentrate and 35-45,000oz of gold. This will cement its position as Western Australia's largest copper mine. C1 cash operating costs for FY 2014 are forecast in the range of US\$1.05-1.15 per payable pound, positioning the mine firmly in the lowest cost quartile.

Over its initial seven year life, DeGrussa is forecast to deliver significant revenues and pre-tax operating cash flows, generating returns to shareholders and royalties to the State of Western Australia and indigenous communities. The operation provides long-term employment for around 400 people.

Sandfire is spending approximately \$20 million per year on exploration in Western Australia. It also has an active Business Development program both in Australia and offshore with \$10 million of committed exploration and business development expenditure.



Sandfire's Managing Director, Mr Karl Simich, said the official opening ceremony provided an opportunity to acknowledge the hundreds of people who had contributed to the Company's success, while at the same time celebrating the spirit of resilience and optimism which formed the backbone of the WA mining and exploration industry.

"The DeGrussa discovery was the direct result of our commitment to keep exploring through a very challenging period in the market immediately after the global financial crisis – a period not unlike that which confronts many junior explorers today," Mr Simich said.

"While we acknowledge the good fortune we enjoyed, it was this commitment and persistence which ultimately enabled us to make the discovery which has propelled Sandfire into the ranks of Australia's leading mid-tier miners, bringing positive financial and economic benefits to a wide range of stakeholders. This highlights the enormous value that can be created by a find such as this."

Sandfire's Chairman, Derek La Ferla, said the official opening marked a tremendous milestone for the Company and its shareholders, as well as the hundreds of people involved in the discovery, construction and development of the DeGrussa Operation.

"There are very few mining projects anywhere in the world today which can lay claim to having moved from discovery drill-hole to first sale in the space of just three years. When the average length of time required to develop new resource projects is now 7-8 years, this is a truly remarkable achievement which has set new benchmarks for the mining industry in Western Australia.

"We take this opportunity to thank everyone who has contributed to this wonderful achievement, including to acknowledge the support and assistance of the Western Australian State Government," Mr La Ferla said.

ENDS

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)

Forward-Looking Statements

Certain statements made during or in connection with this statement contain or comprise certain forward-looking statements regarding Sandfire's Mineral Resources and Reserves, exploration operations, project development operations, production rates, life of mine, projected cash flow, capital expenditure, operating costs and other economic performance and financial condition as well as general market outlook. Although Sandfire believes that the expectations reflected in such forward-looking statements are reasonable, such expectations are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward looking statements and no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, delays or changes in project development, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in metals prices and exchange rates and business and operational risk management. Except for statutory liability which cannot be excluded, each of Sandfire, its officers, employees and advisors expressly disclaim any responsibility for the accuracy or completeness of the material contained in this statement and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in this statement or any error or omission. Sandfire undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events other than required by the Corporations Act and ASX Listing Rules. Accordingly you should not place undue reliance on any forward looking statement.