



ASX/Media Release

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SANDFIRE AWARDS UNDERGROUND MINING AND PROCESS PLANT CONTRACTS FOR DEGRUSSA

Sandfire Resources NL (ASX: **SFR**; "Sandfire") is pleased to announce the award of two key contracts for its 100%-owned **DeGrussa Copper-Gold Project** in Western Australia with a combined value of \$194 million.

An initial 3-year contract for underground mining services has been awarded to the specialist underground mining contractor Australian Contract Mining Pty Ltd ("ACM"), commencing in May 2011. The contract is a measure and value contract with an estimated value of \$129 million over this initial term. Sandfire has an option to renew the contract for a further two years on the same terms and conditions after expiration of the initial 3 year term. ACM has mobilised to Site and commenced work under the contract.

The Process Plant Package Engineering, Procurement and Construction (EPC) contract for the processing facility at DeGrussa has been awarded to Abesque Engineering Limited, a subsidiary of the WA-based listed company Forge Group Limited (ASX: FGE).

The EPC contract, which is a lump sum contract and has a value of \$65 million, involves the design, supply, installation and commissioning of the processing facilities for the DeGrussa Project. Site works for the process plant construction are scheduled to commence in September 2011, with practical completion scheduled for August 2012.

The process plant will have a capacity of 1.5Mtpa and will produce a nominal 230,000 dry tonnes of copper concentrates per annum.

Sandfire's Managing Director, Mr Karl Simich, said he was very pleased to announce the award of the key underground mining and process plant construction contracts to two West Australian companies. "We are looking forward to working with ACM and Abesque in delivering these very important components of the DeGrussa Project," Mr Simich said.

"The underground mine will form the centrepiece of the DeGrussa operation once the initial open pit operation is concluded, and we expect to be mining underground for many years into the future," he continued. "We look forward to establishing a strong and co-operative relationship with ACM to establish an efficient and productive underground mining operation."

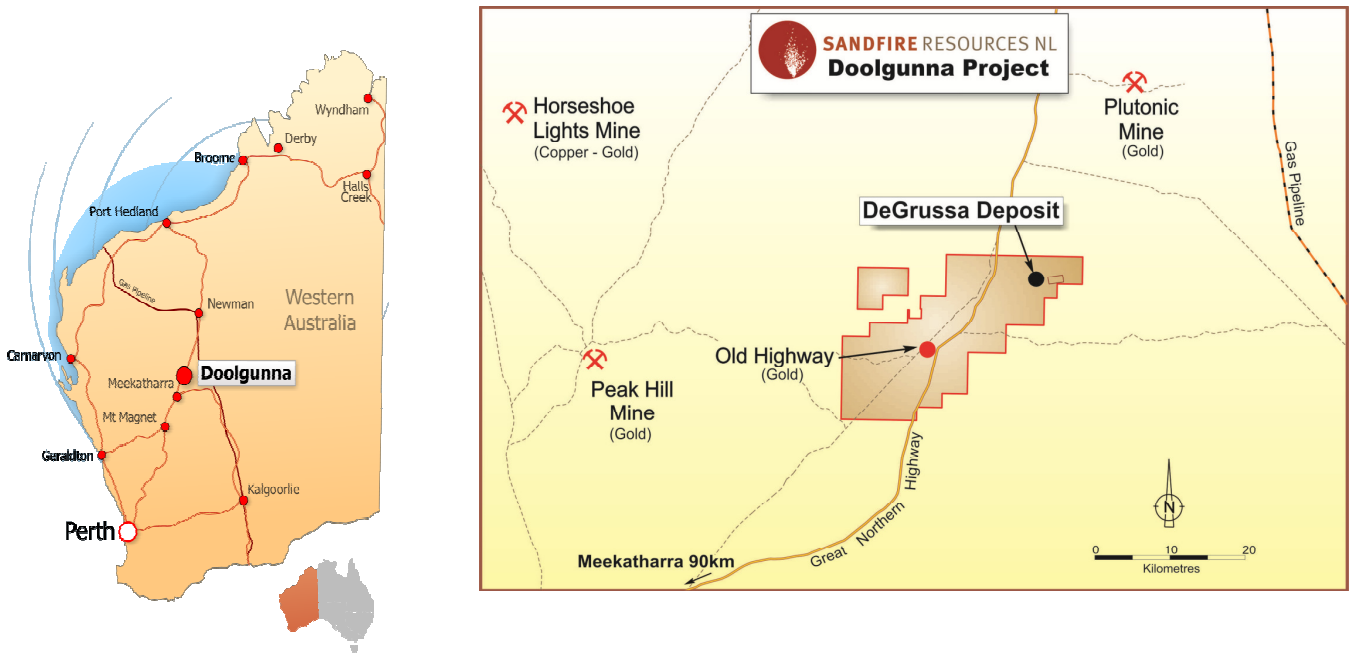
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Figure 1 – DeGrussa Copper-Gold Project location



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