



SANDFIRE RESOURCES NL

ASX Code: SFR

Australia's newest copper-gold producer:

Start of mining at DeGrussa opens a new chapter of growth



Important information and disclaimer

Competent Person's Statement

- The information in this public presentation that relates to Exploration Results and Mineral Resources is based on information compiled by Mr John Evans who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Evans is a permanent employee and Director of Sandfire Resources NL. Mr Evans has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Evans consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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Sandfire – corporate snapshot

- Issued capital: **151.1M ordinary shares**, 9.2M options
- Market capitalisation: **~\$1.2 billion** (at \$8.00/share)
- Key project: **DeGrussa** (Doolgunna)
- Strategic partner: **POSCO**
- Product customers: **POSCO, Yunnan Copper, MRI Trading**



OZ Minerals	19.8%
Posco	15.8%
Institutions	22.8%
Founders/Board	8.0%
Others	33.6%



Board

Derek La Ferla	Non-executive Chairman
Karl Simich	Managing Director / CEO
W. John Evans	Executive Technical Director
Soocheol Shin	Non-executive Director
Robert Scott	Non-executive Director

Management

Matt Fitzgerald	Chief Financial Officer
Martin Reed	Project Manager – DeGrussa
Rob Klug	Commercial Manager

Sandfire – the vision

- To deliver **superior returns** to our owners from the premier high-grade DeGrussa VMS copper-gold mine
- To discover **additional VMS deposits** within the emerging Doolgunna mineral field
- To explore for, develop and mine **key raw materials**, in Australia and overseas
- To foster and develop **long-term strategic relationships** with raw materials end-users and traders
- To maintain the highest standards of **safety, integrity and quality** at all times
- To develop a **world-class mining company**



Sandfire – a highly experienced team



Mr Karl M Simich Managing Director and Chief Executive Officer - *Qualifications B.Comm, FCA, F.Fin*

Experience and other directorships Mr Simich is an experienced international mining executive who has been involved in the financing, construction, development and operations of five mining projects in New Zealand, Australia and Africa. Specialising in resource finance and corporate management, Mr Simich has been a Director of and held senior executive positions with a number of leading ASX-listed mining companies, including as an Executive Director and later Managing Director of the Australian diamond producer Kimberley Diamond Company from 1993 to 2007. He was previously Managing Director of Namakwa Diamond Company, non-executive Director of Blina Diamonds NL, Marine Produce Australia Limited and non-executive Chairman of Blue Capital Limited. Mr Simich is a Fellow of the Institute of Chartered Accountants and a Fellow of the Financial Services Institute of Australasia and has completed post-graduate studies in business and finance.



Mr W John Evans Executive Technical Director - *Qualifications B.Sc*

Experience and other directorships Mr Evans graduated from the University of Auckland New Zealand in 1970 with B.Sc. Major in geology. Between 1970 and 1987, he was employed by various divisions of CRA Limited, including being in charge of all field operations for iron ore in the Pilbara, Western Australia and gold and base metals in the Murchison, Western Australia. He was the managing director of Marymia Exploration NL for 12 years until 2002 and has been a geological consultant to numerous companies during and since.



Mr Matthew Fitzgerald Chief Financial Officer and Company Secretary - *Qualifications B. Comm, CA*

Experience Mr Fitzgerald is a chartered accountant with extensive experience in the resources industry. He began his career in the Assurance & Advisory division of KPMG, before joining ASX-listed Kimberley Diamond Company NL in 2003, where he held the position of Chief Financial Officer and Director until July 2008.



Mr Martin Reed Project Manager - *Qualifications BE (Mining), Grad Dip Management, AICD Diploma*

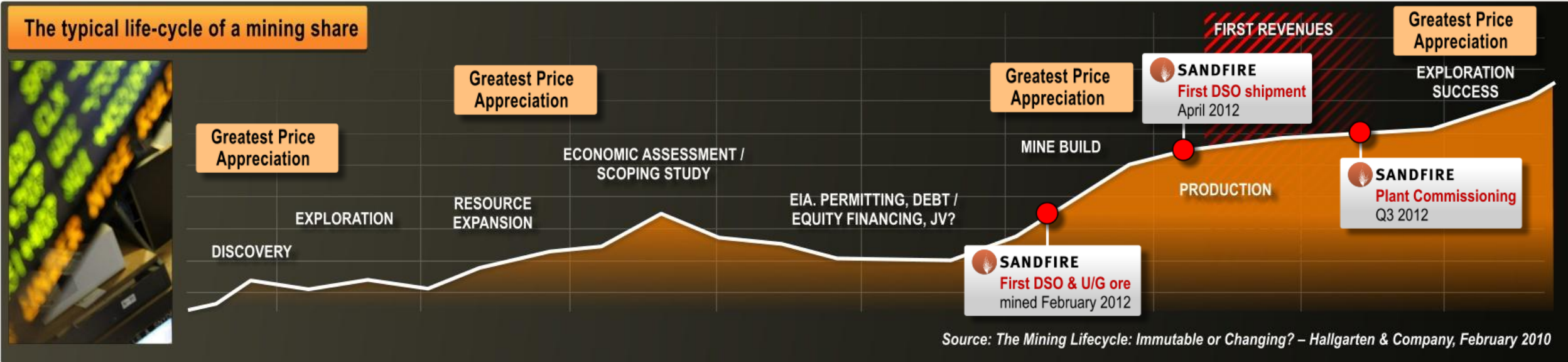
Experience Mr Reed is a highly experienced Mining Engineer with over 30 years experience across a range of commodities and sizes of operations including most recently as Chief Operating Officer for a number of metals companies including St Barbara Limited (2004-07 and 2009) and Windimurra Vanadium Limited (2008). In 2007, Mr Reed was also General Manager Development & Operations for Paladin Energy Ltd during the final ramp-up phase of its Langer Heinrich Uranium Mine in Namibia. Prior to these appointments, Mr Reed held a number of senior executive positions in the mining industry including roles where he was responsible for the planning and development of several large mining operations in remote locations.



Mr Robert Klug Commercial Manager – Legal Counsel - *Qualifications B.Com, LL.B*

Experience Mr Klug has held accounting, senior legal and corporate finance roles in his 18 year career. Initially trained as an auditor with KPMG Perth, Mr Klug worked in London as a corporate lawyer after having completed his law degree at Murdoch University in Perth. Upon his return to Perth, he joined Freehills Perth Office, where he worked almost exclusively with small and mid cap resource companies. After a number of years at Freehills Mr Klug worked in corporate finance as a Director of Carmichael Capital Markets, the Corporate Finance arm of DJ Carmichael Stockbrokers. In 2005, Mr Klug became General Manager Business Development with St Barbara Limited until St Barbara relocated its head office to Melbourne in early 2007 when he joined Heron Resources Limited in a senior management role.

Production...the “sweet spot” for investors



Production:

- First DSO and underground ore mined – February 2012
- First DSO shipment – April 2012
- Plant commissioning – Q3 2012
- Ramp-up to 70-80ktpa Cu, 36kozpa Au by year end

Financial Performance:

- Forecast \$2.4 billion operating cash flow, \$4.2 billion revenue (DFS: life-of-mine)
- 77kt (170Mlb) payable copper metal per annum in first three years
- Current spot price US\$8,500/t, US\$3.85/lb

Growth:

- Organic growth – exploration success
- Joint Venture opportunities
- Acquisitions – Business Development Team



Production

- *First DSO and underground ore mined – February 2012*
- *First DSO shipment – April 2012*
- *Plant commissioning – Q3 2012*
- *Ramp-up to 70-80ktpa Cu, 36kozpa Au by year end*

DeGrussa: a new era of growth begins

- 900km NE of Perth, established mining district
- Discovery to first production in <3 years
- Open pit and underground mining operation: +7 year mine life
- 100% debt funded through \$390M ANZ facility
- Conventional 1.5Mtpa on-site concentrator
- Life-of-mine extraction: 10.72Mt @ 5% Cu, 1.7g/t Au:
 - *541,000t copper, 599,000oz gold – contained*
- Early extraction of DSO Ore Reserves (open pit):
 - *37,000t of copper (25.6% Cu), 12koz gold (2.5g/t)*
- Production of high-grade, high-quality copper concentrate grading 27% Cu:
 - *480,000t of payable copper metal*
 - *270,000oz of payable gold*



DeGrussa – current status



Construction of mine and infrastructure +65% complete

DeGrussa – current status



First DSO mined on 17 February 2012

DeGrussa – current status



Open pit well advanced with 5.7Mbcm mined to date including oxide copper – currently 70% complete

DeGrussa – current status



Evans Decline advanced to +1,200m from portal – first ore mined on 29 February 2012

DeGrussa – current status



Process plant construction +50% complete and all key infrastructure in place

DeGrussa – current status



On track for first ore to SAG Mill in Q3 of CY 2012

DeGrussa – current status



Product sales agreements in place for all DSO

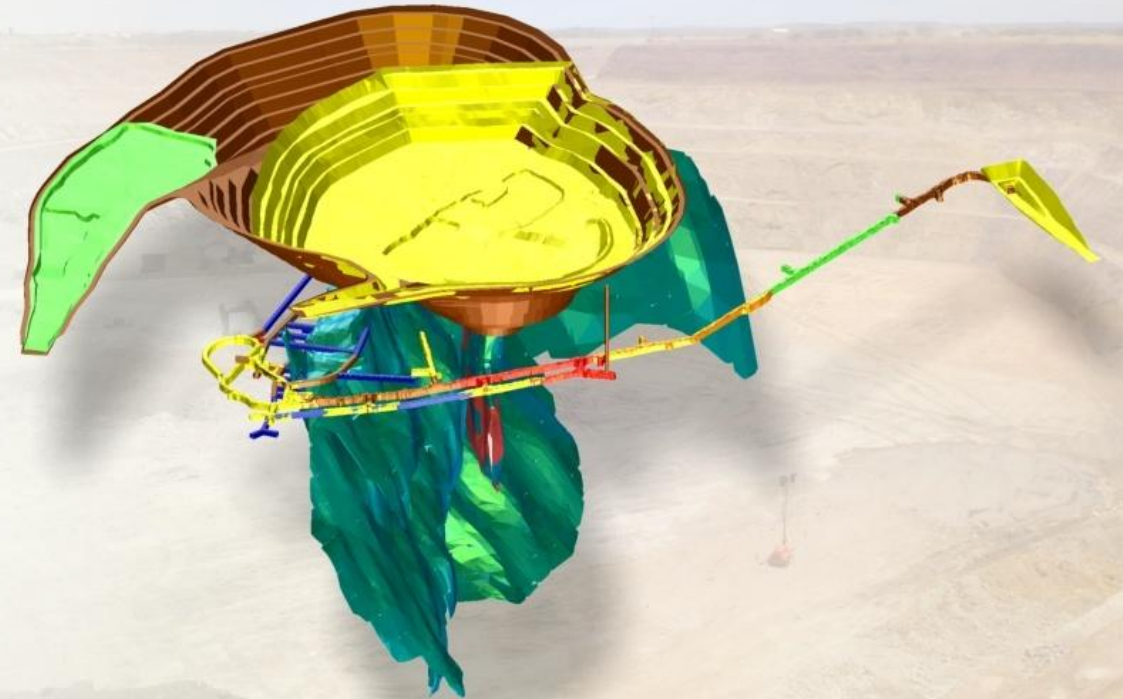
DeGrussa – current status



Discussions well advanced for concentrate sale

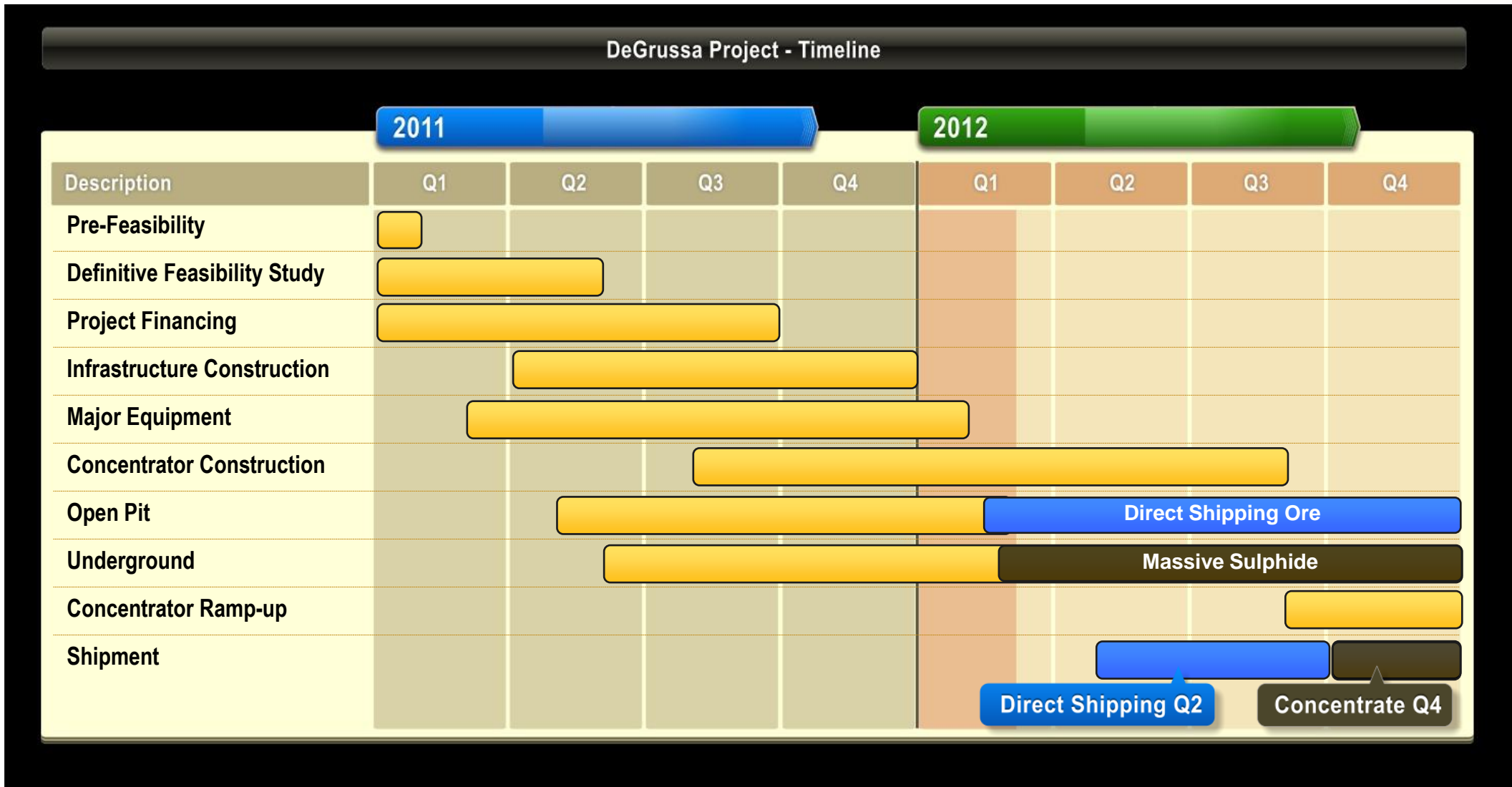
DeGrussa – growth potential

- Oxide copper resources in open pit being stockpiled for proposed processing:
 - *44,000t of contained copper*
 - *56,000oz of contained gold*
- Positive results from metallurgical testwork – further testwork continuing
- Objective of testing is to convert oxide resources to Ore Reserves for inclusion in revenue stream
- Potential for additional copper production and revenue streams in first 3 years of operations



DeGrussa – Open Pit

DeGrussa – development timetable





DT28

Financial Performance

- Forecast \$2.4 billion operating cash flow, \$4.2 billion revenue (DFS: life-of-mine)
- 77kt (170Mlb) payable copper metal per annum in first three years
- Current spot price US\$8,500/t, US\$3.85/lb

STOCK					ASX				
STOCK	BID	OFFER	LAST	VOL	STOCK	BID	OFFER	LAST	VOL
SPDMNET	0.01	0.013	0.01	10T	ETP	0.002	0.003	0.002	8HT
SNT CORP	0.44	0.45	0.44	8HT	ETT	-	-	0.01	0
SRU NICKEL	0.095	0.098	0.095	5T	ETU CORP	0.081	0.19	0.081	0
ENCOUNTER	0.255	0.26	0.255	0	EURUNDI	0.035	0.039	0.035	0
ENERBA G	0.295	0.30	0.30	2HT	EUREKA	0.12	0.12	0.12	0
ENERGY DEV	1.255	1.70	1.70	3HT	EUROGOLD	0.12	0.13	0.13	4HT
ENERGY MET	0.52	0.55	0.55	0	EUROP GRB	0.87	0.90	0.90	9T
ENERGY ONE	0.053	0.06	0.053	2HT	EUROZ	0.061	0.068	0.061	2HT
ENERGY VER	0.033	0.047	0.034	85T	EVEREST FC	0.071	0.079	0.079	0
ENERGY WLD	0.57	0.58	0.575	1T	EURYDAY NS	0.32	0.325	0.325	88T
ENERGYWIRE	0.31	0.32	0.31	72T	EXCO RES	0.18	0.185	0.18	51T
ENGIN	0.015	0.016	0.015	2HT	EXORA ENR	6.13	6.16	6.14	2HT
ENT METALS	0.25	0.255	0.25	8HT	EXTRACT	0.15	0.165	0.15	5T
ENTEK	0.988	0.99	0.988	3HT	EYECARE	0.019	0.02	0.018	2HT
ENTELLECT	0.003	0.004	0.004	1T	EZENET	0.54	0.53	0.53	4HT
ENVESTRA	0.485	0.49	0.49	8HT	FSP RPP	0.53	0.54	0.53	6T
ENVIROGOLD	0.045	0.048	0.048	10T	FSP HEALTH	2.25	2.32	2.32	6T
ENVIRON	0.021	0.022	0.021	1T	F+L+HOLD	2.20	2.68	2.68	0
ENVIROZEL	0.11	0.115	0.11	13T	FACILITATE	0.063	0.064	0.062	0
ENRHESSION	0.044	0.045	0.044	0	FAIRFAX	1.22	1.225	1.22	4T
ENR GROUP	0.052	0.058	0.052	0	FAIRSTAR	0.043	0.045	0.043	43T
EPSILON	0.043	0.054	0.043	0	FALCON REN	0.115	0.12	0.11	46T
EQ FREE	-	-	0.50	0	FALL RIVER	0.01	0.013	0.013	0
EQARTL RH	-	-	-	0	FARASTIC	2.95	3.00	3.00	1T
EQARTORIAL	0.055	0.06	0.054	0	FARM PRIDE	0.265	0.30	0.27	0
EQBOUNDITH	2.90	2.81	2.81	3HT	FATPROPHET	0.71	0.74	0.71	0
EQUTY+TR.	13.65	13.95	13.95	0	FCPBLU	0.71	1.00	-	0
ERA	22.22	22.28	22.24	2HT	FELIX RES	12.96	12.96	12.96	1HT
ERO	0.12	0.125	0.12	1HT	FERRISCAN	0.105	0.12	0.125	43T
ERORHCR	0.064	0.066	0.064	1HT	FERRUS	0.42	0.425	0.42	4HT
EROND	0.067	0.07	0.07	0	FERRUMEST	0.088	0.095	0.095	0
ESERU	0.41	0.42	0.425	77T	FIJUCIAM	1.40	1.455	1.40	25T
ESPREON	0.45	0.47	0.45	0	FIG TREE	-	-	0.01	0
ESSR RUST	0.25	0.255	0.25	3T	FINDR	0.74	0.79	0.79	0
ESSENTIAL	0.005	0.006	0.005	1HT	FINDERS	0.38	0.40	0.38	25T
ETHNEPIPE	0.80	0.85	0.80	2T	FINDLAY	0.07	0.075	0.074	0

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SYDNEY SINGAPORE TOKYO

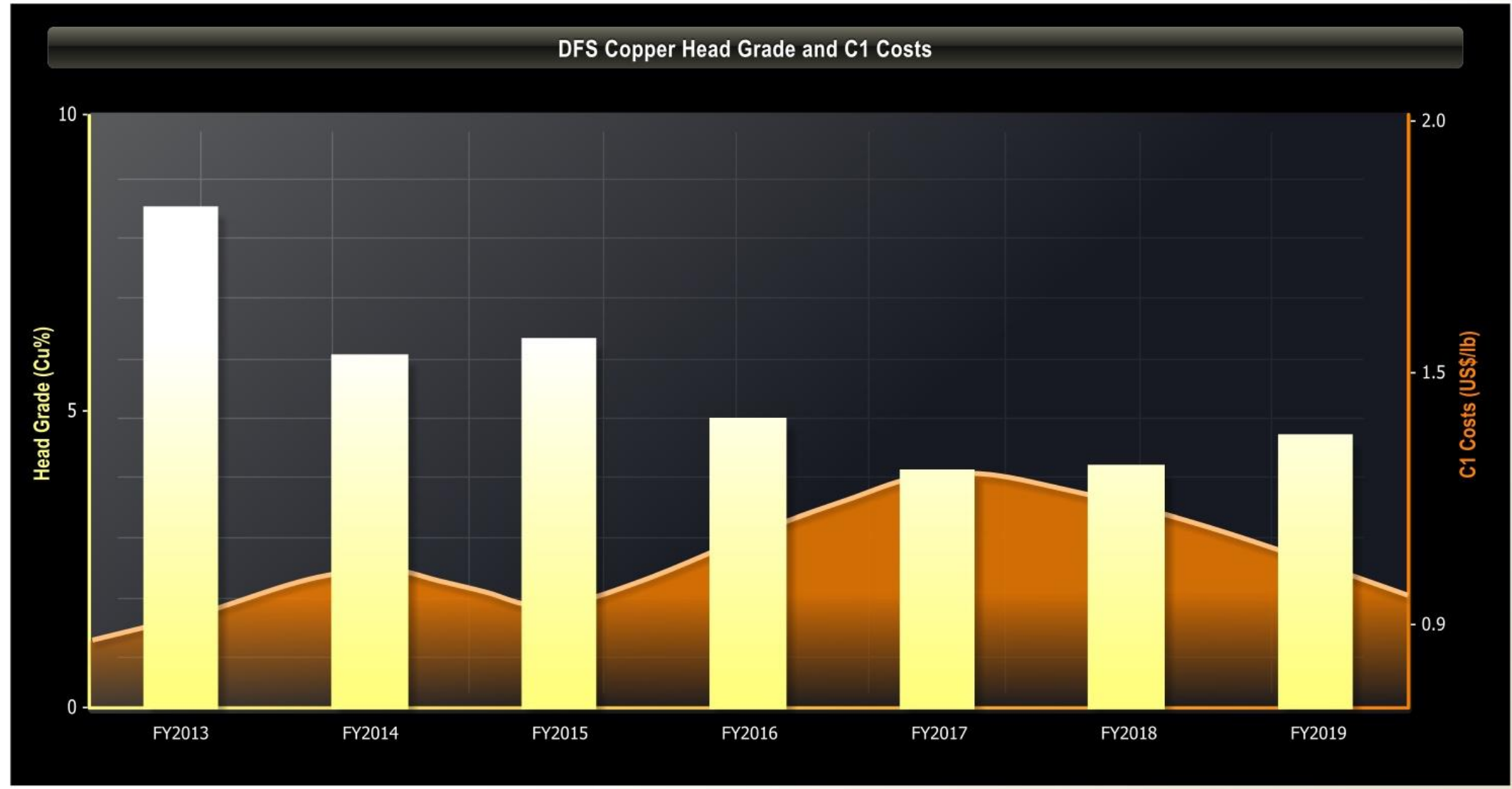
Cashflow – a mid-tier mining powerhouse

DeGrussa Copper-Gold Project

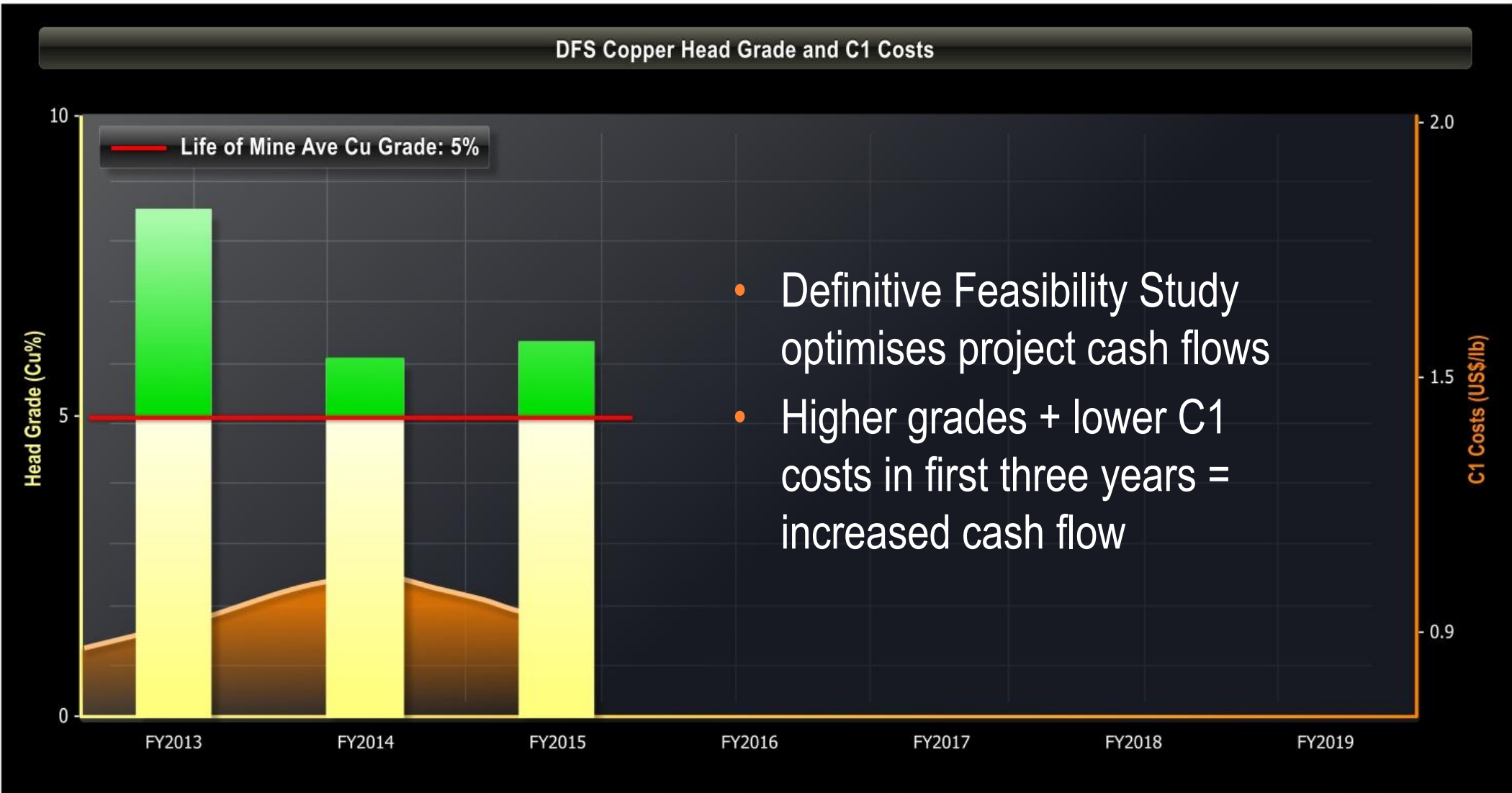
DFS Outcomes

■ First Production	Q1 2012 (DSO), Q3 2012 (Conc.)
■ Life-of-mine extraction from Ore Reserves and Mineral Resources discovered to date	10.72Mt @ 5.1% Cu, 1.7g/t Au (541,000t contained copper, 599,000oz contained gold) 93% Mineral Resource to Ore Reserve conversion – contained metal
■ Production	480,000t payable copper (~77,000tpa in first 3 years) 270,000oz payable gold (36,000oz pa in first 3years)
■ C1 cash costs (life-of-mine)	US\$1.02/lb
■ Project revenue	A\$4.2 billion
■ Pre-tax project operating cash flow	A\$2.4 billion

DeGrussa – annual grade and C1 cost profile



DeGrussa – annual grade and C1 cost profile



- Definitive Feasibility Study optimises project cash flows
- Higher grades + lower C1 costs in first three years = increased cash flow



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Growth

- *Organic growth – exploration success*
- *Joint Venture opportunities*
- *Acquisitions – Business Development Team*

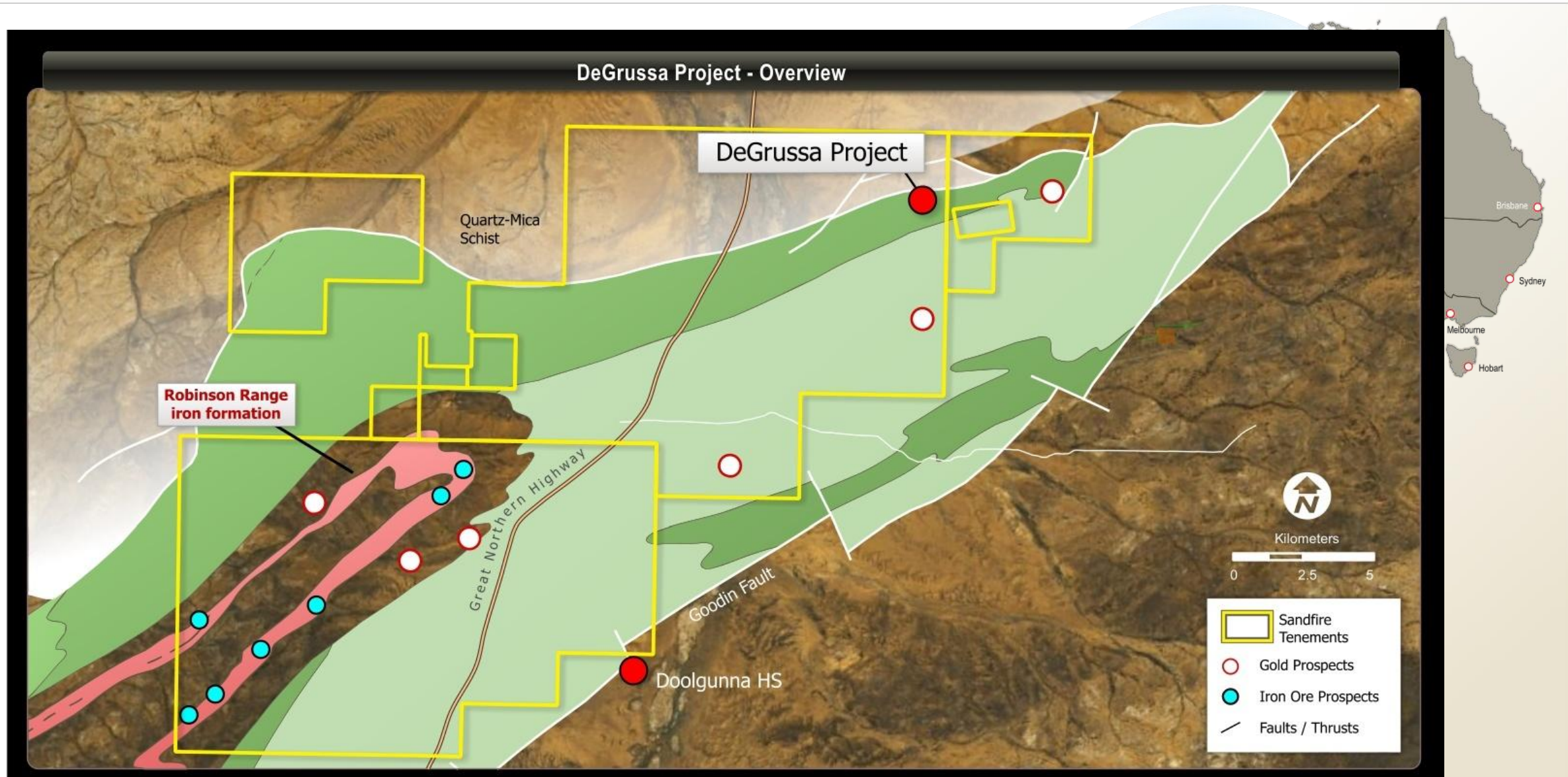


Growth – future catalysts



- Organic growth – exploration success:
 - *Extensive bank of information now accumulated within prospective DeGrussa mine corridor*
 - *Prospective corridor extended to +30km, providing outstanding exploration upside*
 - *Regional exploration across Australian portfolio*
- Joint Venture opportunities
 - *Farm-in at Kennedy Highway Project (Qld)*
 - *Other opportunities being assessed*
- Acquisitions – Business Development Team
 - *Highly experienced Business Development team in place*
 - *Assessing opportunities globally*

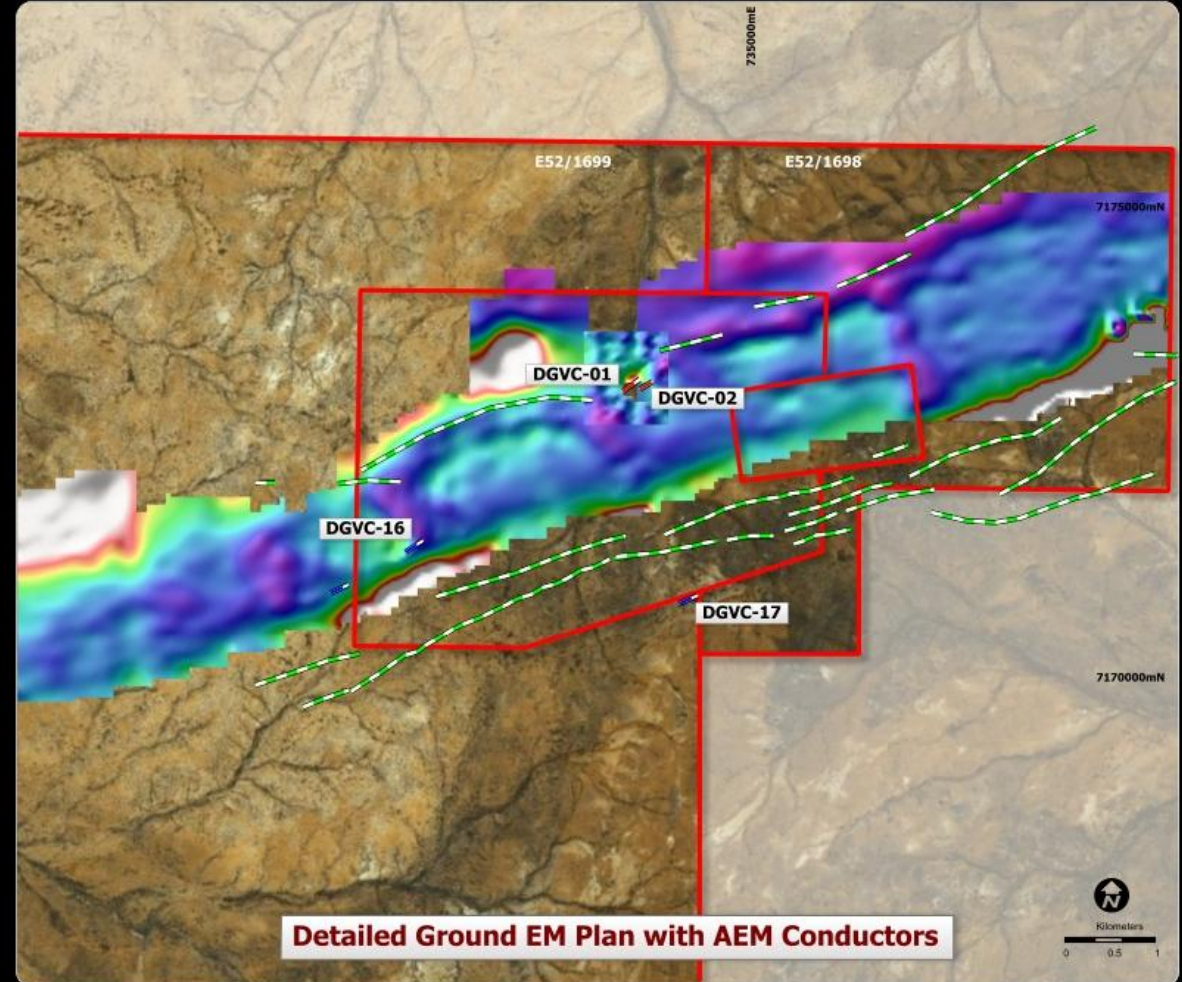
DeGrussa Mineral Field – regional exploration



DeGrussa – major exploration push

DeGrussa Project - Detailed Ground EM Plan with AEM Conductors

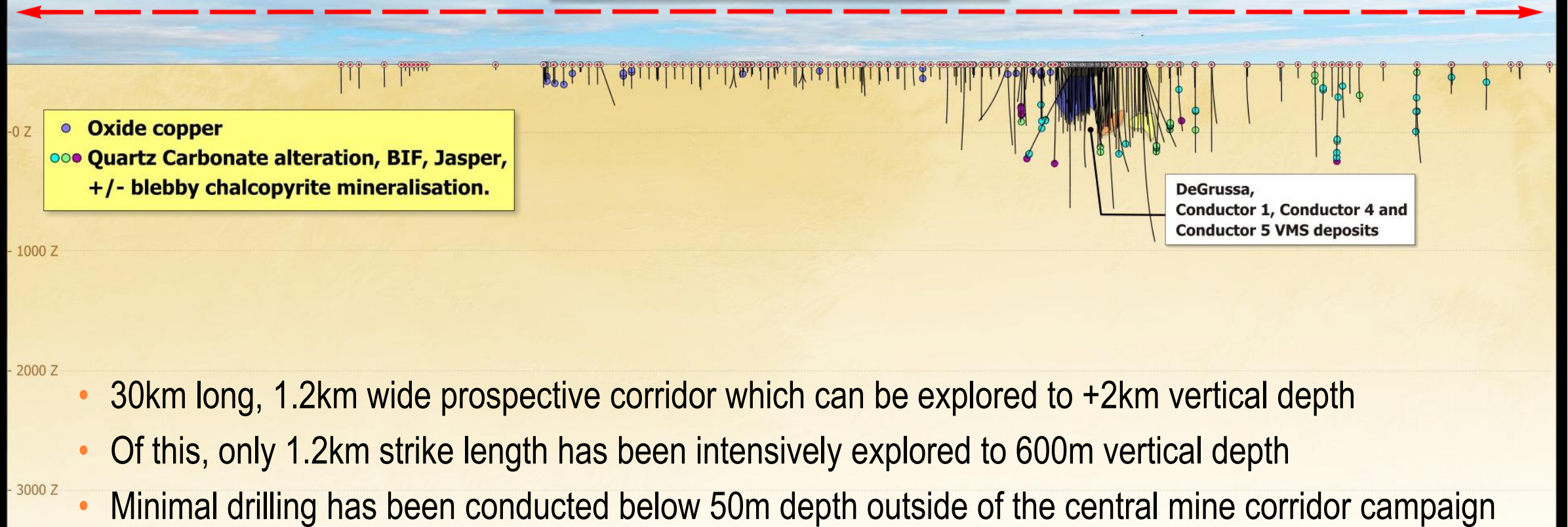
- Developing regional geology model from:
 - *Deep drilling*
 - *Sterilisation & pre-development drilling*
 - *Mapping & geophysical interpretation*
- Priority VMS corridor extends for +30km
- Lithochem program underway to aid target vectoring
- Intensive exploration campaign – A\$20M budget



DeGrussa – unlocking the “Corridor of Riches”

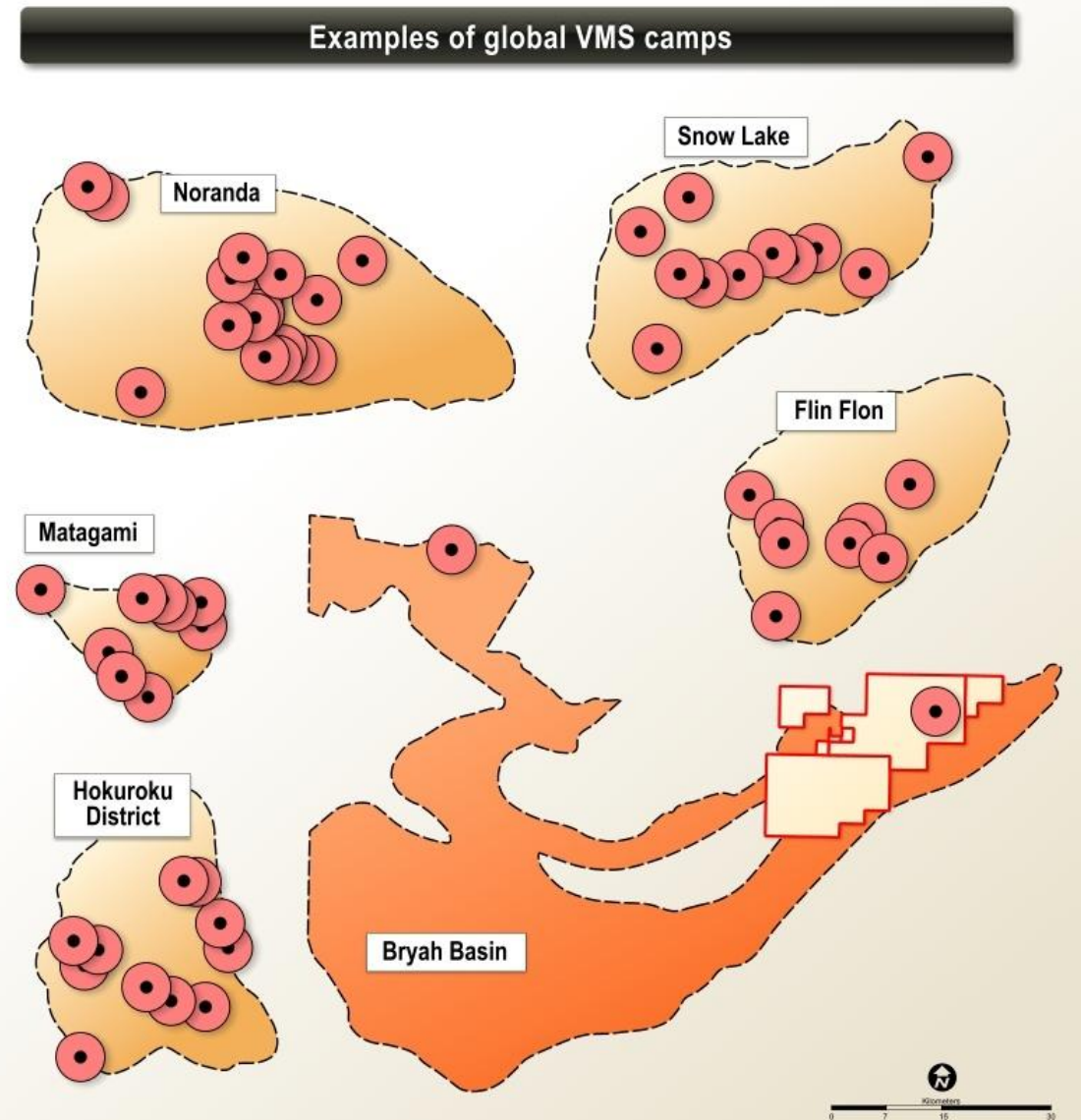
DeGrussa Project - Detailed Ground FM Plan with ΔFM Conductors

+ 30km strike length prospective for VMS mineralisation



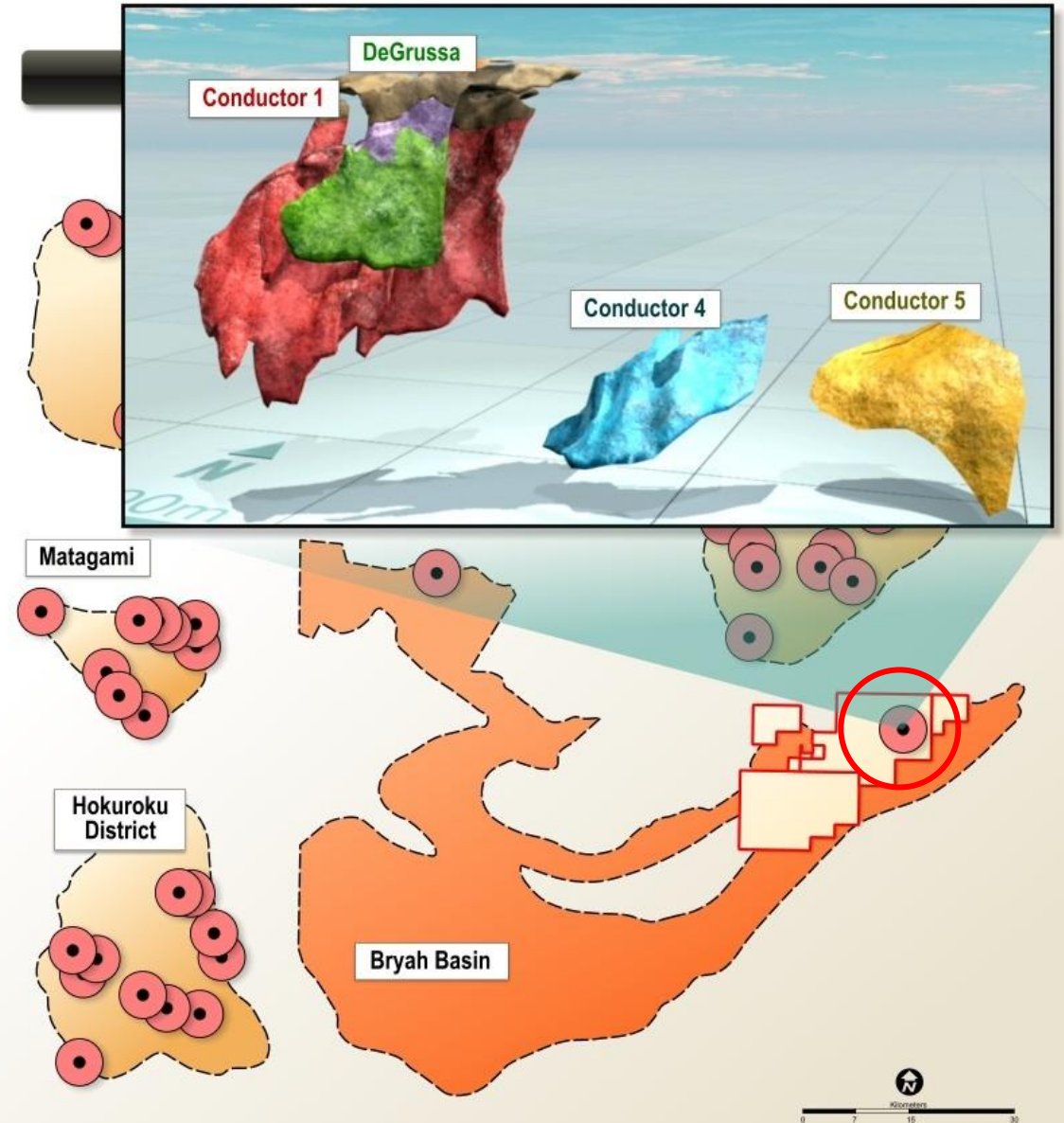
Global VMS camps

- Most significant VMS deposits occur in clusters that define major mining camps – major source of global copper, zinc, lead production, eg:
 - *Bathurst (New Brunswick) – 229.8Mt @ 0.46% Cu, 7.66% Zn, 3.01% Pb, 91g/t Ag, 0.46g/t Au (camp discovered 1952)*
 - *Kidd Creek (Abitibi, Ontario) – 149.3Mt @ 2.89% Cu, 6.36% Zn, 0.22% Pb, 92g/t Ag, 0.05g/t Au (deposit discovered 1963)*
 - *Flin Flon (Manitoba) – 154 Mt contained over 27 deposits, primarily copper, zinc and gold (camp discovered 1922)*
 - *Golden Grove (WA) – 65Mt @ 2% Cu, 3.5% Zn, 35g/t Ag, 0.7g/t Au (discovered 1971)*
 - *DeGrussa (WA) – 14.33Mt @ 4.5% Cu, 1.6g/t Au (deposit discovered 2009)*
- No one finds a big VMS – they get big



DeGrussa is a VMS deposit

- Four lenses of mineralisation typical of VMS deposit cluster
- Classic host sequence of intra-volcanic sediments
- Typical seafloor alteration with regionally extensive litho-geochemical signature
- Classic VMS sulphide textures, including remnant chimney structures, breccias, replacement textures and laminar bedded sulphides
- Sulphide mound structures with abrupt margins from sulphides to barren country rock
- Metal ratios and zonation representative of VMS deposits
- Strong VMS-style structural artefacts



Potential of Global VMS Camps

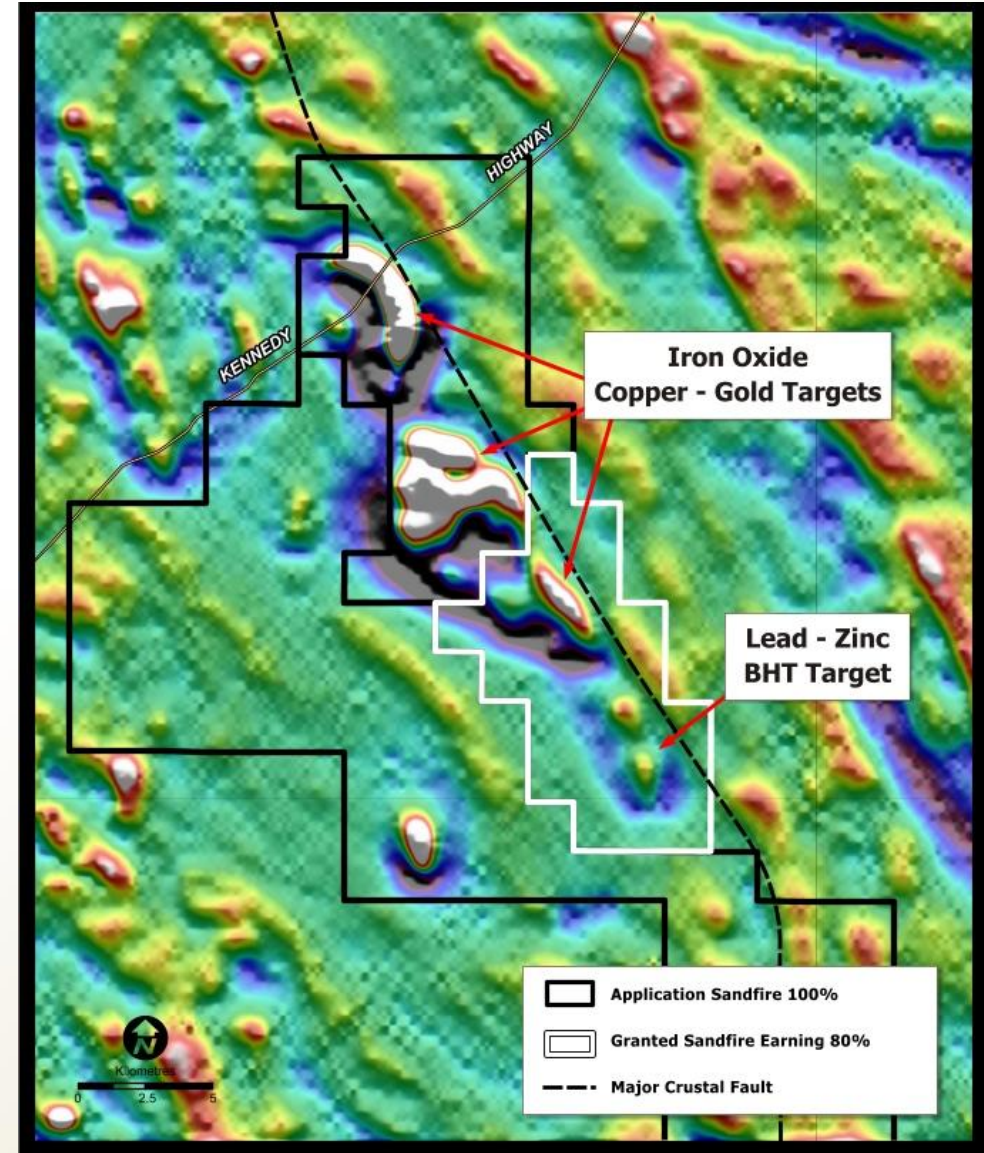
Volcanic District	No. of Deposits	Million Tonnes Ore	Million Tonnes Metal	Area of District (km ²)
Hokuroku, Japan	18	90	6.2	720
Bathurst No1, Canada	12	180	15.1	880
Bathurst No2, Canada	15	98	5.8	1150
Flin Flon, Canada	10	65	4.3	560
Snow Lake, Canada	10	19	1.4	840
Noranda, Canada	20	204	4.7	1550
Matagami, Canada	8	34	3.0	230
Manitouwadge, Canada	4	56	30	-
Average of all Data	12	94	5.4	

- D. F. Sangster from the Geological Survey of Canada conducted a study on eight precedent VMS districts in Canada and Japan. His findings include¹:
 - *The VMS districts studied contain between 4 and 20 deposits, with an average of 12 deposits*
 - *The average total base metal content per district is 5.4 million tonnes*
 - *In order of size, the largest deposit in each district contains, on average, 65% of the total metal and the second largest about 13%*

¹ D. F. Sangster, *Quantitative Characteristics of Volcanogenic Massive Sulphide Deposits*, Geological Survey of Canada (Ottawa) (1980)

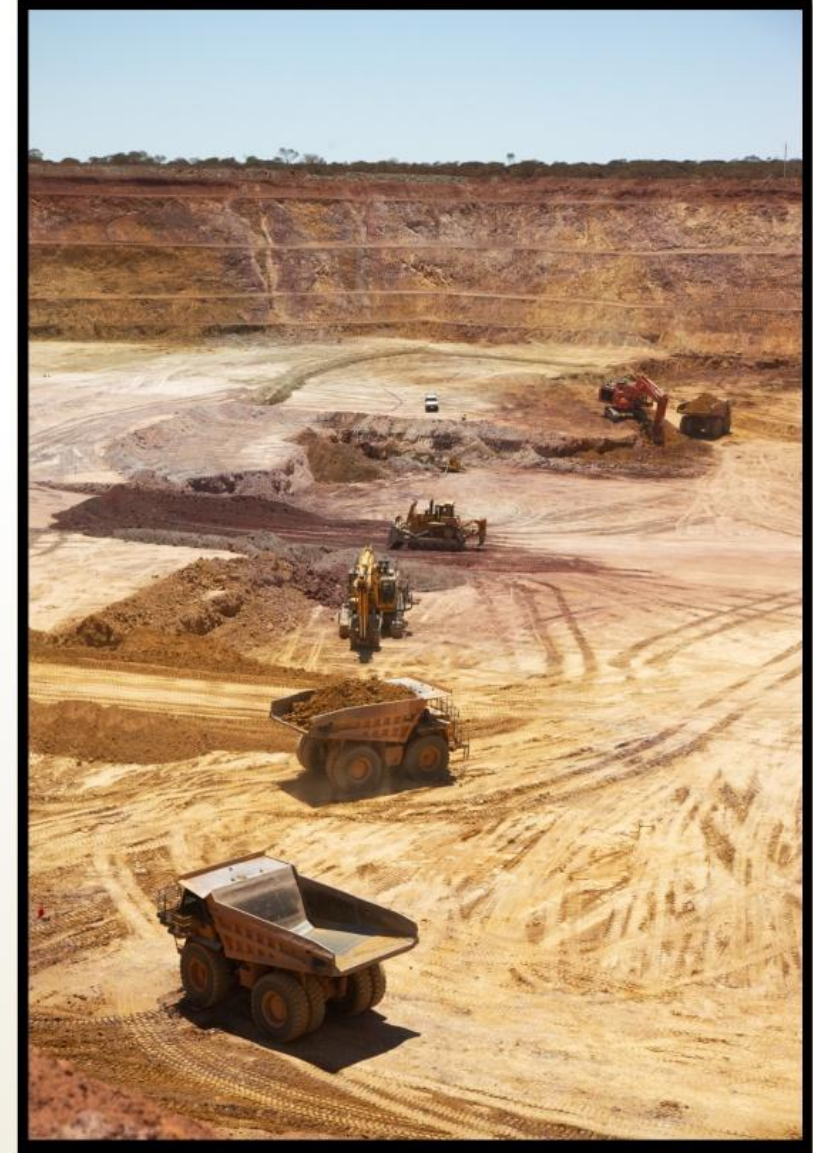
Growth – Joint Ventures

- Reviewing asset-driven exploration opportunities in Australia and abroad
- First opportunity secured:
 - *Farm-in agreement with Global Resources Corporation (ASX: GRM)*
 - *Kennedy Highway Project (North Queensland)*
 - *\$3M expenditure to earn 60%, with option to earn up to 80% for additional A\$5M*
 - *Exploration target - large-scale IOCG copper gold deposits*
- lead-zinc-silver Broken Hill type
- Potential to identify strong pipeline of similar or more advanced exploration opportunities



Growth – Acquisitions

- Highly skilled in-house Business Development Team:
 - *Headed up by Technical Director John Evans*
 - *New Exploration Manager – Australia: Bruce Hooper*
 - *Business Analyst supported by strong technical team of 4-6 geologists and mining professionals*
- Ability to target, identify, assess and evaluate high quality opportunities
- Reviewing opportunities in Australia, South America and Indonesia
- Commodity focus includes copper, gold, base metals, iron ore, manganese, coal
- First opportunity secured - 17.1% cornerstone shareholding in White Star Resources (ASX: WSR)



Summary – a new global mining company in the making

- Flagship DeGrussa Project moving into production:
 - *First truck of DSO – 17 February 2012*
 - *First truck of underground ore – 29 February 2012*
 - *First ore in the SAG mill – Q3 2012*
- High-margin production profile
- Regional exploration objective to establish a VMS copper-gold camp
- Strong and supportive major shareholders
- Quality project pipeline + ability to secure new quality projects
- Experienced Board and Management



Appendix: Competent Person's Statements

Competent Person's Statement – Mineral Resources

- The information in this report that relates to Mineral Resources (except the Indicated Resource of Supergene Chalcocite) is based on information compiled by Diederik Speijers who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Speijers is a permanent employee of McDonald Speijers and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Speijers consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Competent Person's Statement – Mineral Resources

- The information in this report that relates to the Indicated Resource of Supergene Chalcocite is based on information compiled by David Slater who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Slater is a permanent employee of Coffey Mining and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Slater consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Competent Person's Statement – Ore Reserves

- The information in this report that relates to Ore Reserves is based on information compiled by Shane McLeay of Entech Pty Ltd, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr McLeay has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr McLeay consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Competent Person's Statement – Open Pit Ore Reserves

- The information in this report that relates to Open Pit Ore Reserves is based on information compiled by Quinton de Klerk of Cube Consulting, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr de Klerk has sufficient experience which is relevant to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr de Klerk consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Exploration and Resource Targets

- Any discussion in relation to the potential quantity and grade of Exploration Targets for the DeGrussa Project is only conceptual in nature. While Sandfire is confident that it will report additional JORC compliant resources for the DeGrussa Project, there has been insufficient exploration to define mineral resources in addition to the current JORC compliant resource inventory and it is uncertain if further exploration will result in the determination of additional JORC compliant Mineral Resources.





SANDFIRE RESOURCES NL

ASX Code: SFR

Australia's newest copper-gold producer:

Start of mining at DeGrussa opens a new chapter of growth



Sandfire Resources – Global Investor Update – March 2012

Appendix – DeGrussa: Financial Evaluation and Price Assumptions

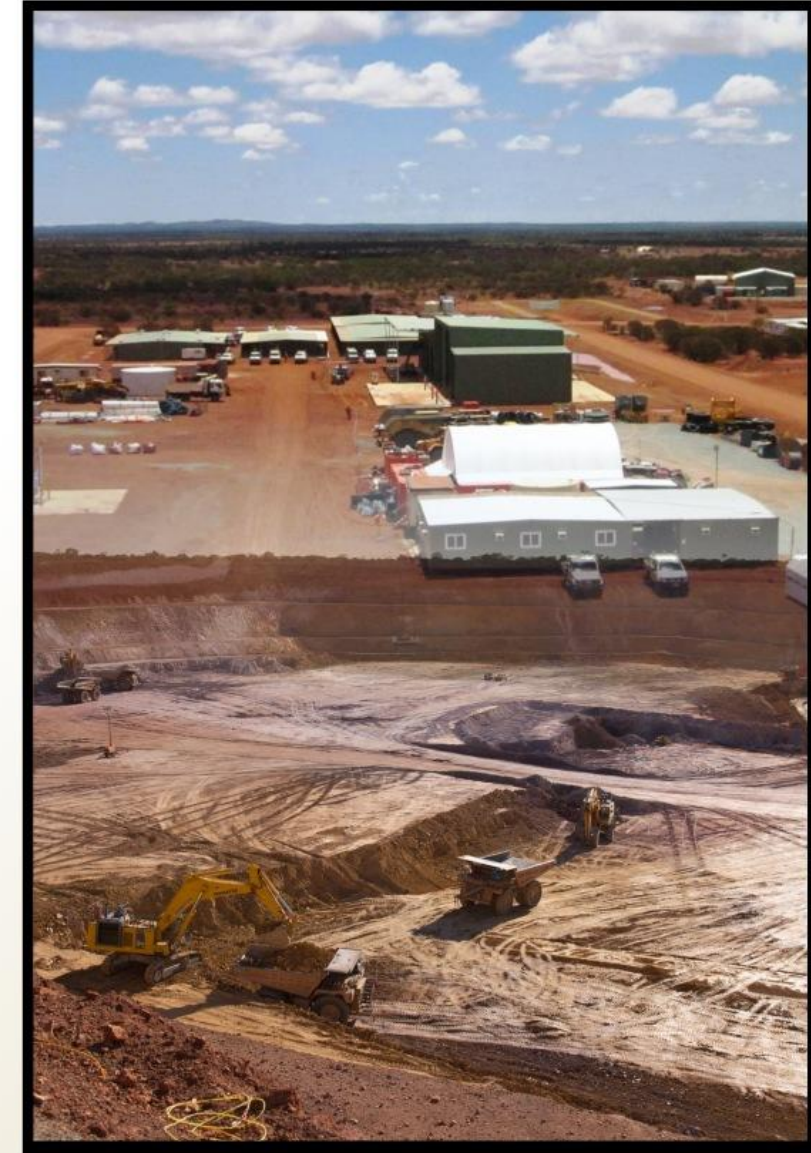
Life-of-mine (LOM)

	\$ Billion
Project revenue	4.2
Royalties (5% weighted average)	(0.2)
Operating costs and sustaining capital	(1.6)
Project operating cash flow (pre-tax)	2.4
Pre-production capital expenditure	(0.4)
Project cash flow (pre-tax)	2.0
Project NPV (8% discount rate)	1.3
Project IRR (%)	108

	2013	2014	2015	2016	2017	2018	2019
Copper price (US\$/tonne)	9,136	8,004	7,110	6,576	6,367	6,163	5,879
Copper price (US\$/lb)	4.15	3.63	3.23	2.98	2.89	2.80	2.67
Gold price (US\$/ounce)	1,294	1,252	1,307	1,273	1,166	1,166	1,166
USD/AUD	0.91	0.87	0.84	0.82	0.81	0.81	0.81

Financial Evaluation

Revenue forecasts were based on a consensus of copper, gold price and foreign exchange forecasts from leading international broking firms, investment banks and leading independent commodity forecasters. The pricing applied in the model is presented in 30 June financial years.



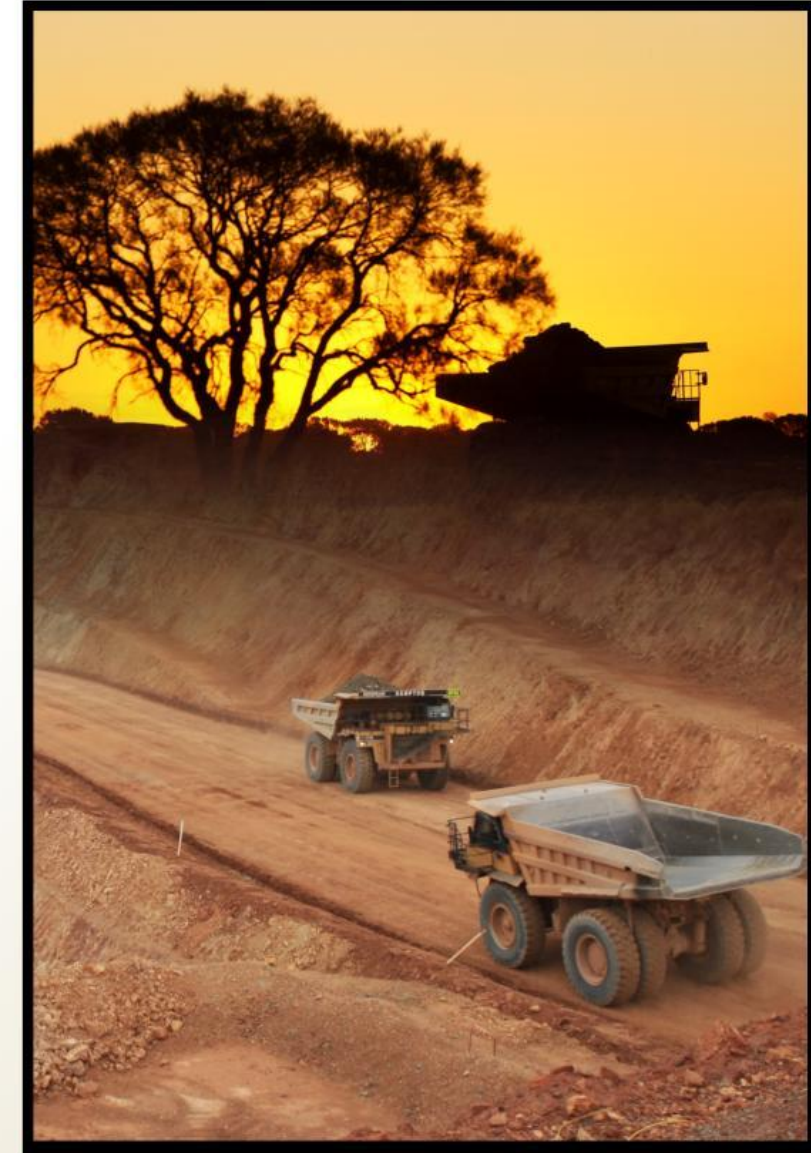
Appendix – DeGrussa: Capital and Operating Costs

Capital Cost Breakdown

	A\$M
Construction (plant, equipment and infrastructure)	267
Open pit mining to access DSO	44
Underground mine development	56
Other pre-production	17
Total pre-production capital	384

Life-of-Mine Operating Cost Estimates

	Payable Copper (US\$/lb)
Mining	0.48
Processing and maintenance	0.35
Administration	0.06
Transport	0.28
Treatment and refining	0.18
By-product credits	(0.33)
Total C1 cash costs	1.02



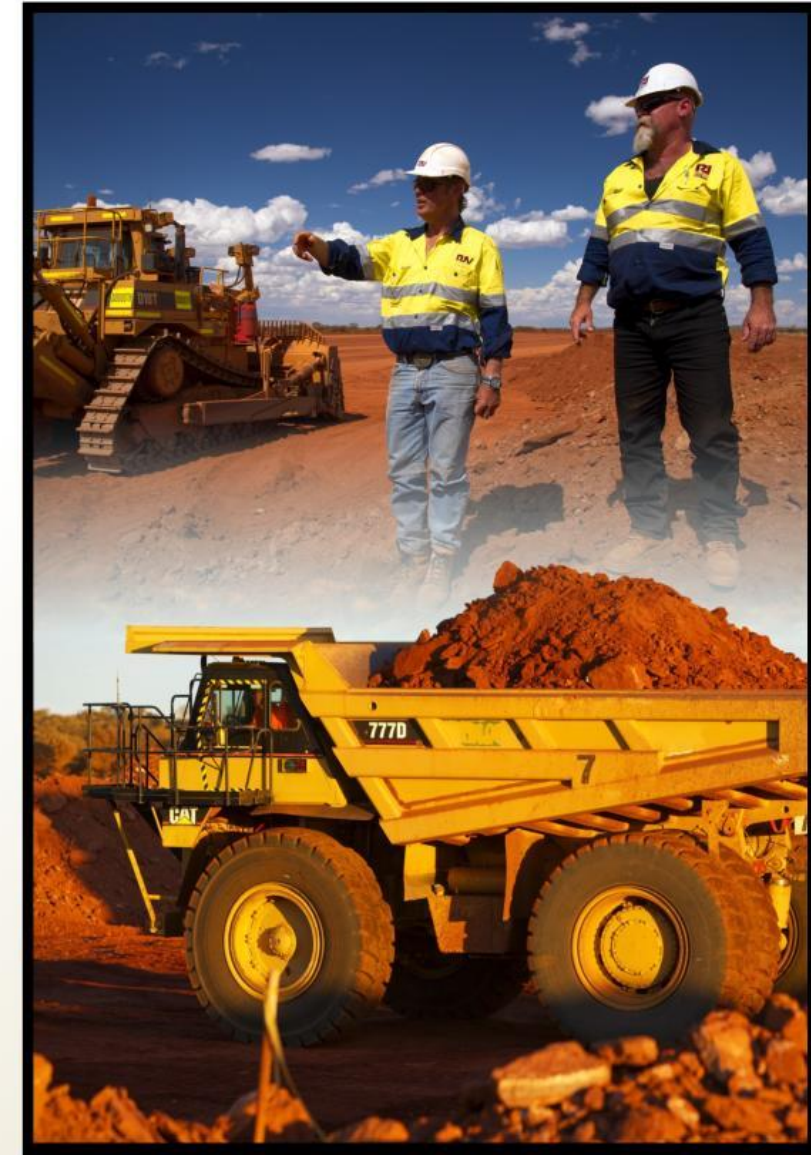
Appendix – DeGrussa: Mineral Resources

Table 1: DeGrussa Copper-Gold Project – March 2011 JORC Resource Statement

Zone	Resource Category	Location	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (t)	Contained Gold (oz)	Competent Person
Gold Laterite	Measured	Open Pit	0.14	-	1.5	-	7,000	1
Copper Oxides	Measured	Open Pit	2.17	1.1	0.5	24,000	37,000	1
Supergene Chalcocite	Indicated	Open Pit	1.41	1.4	0.4	20,000	19,000	1
	Indicated	Open Pit	0.25	17.6	2.6	43,000	20,000	2
	Inferred	Open Pit	0.19	4.4	1.2	8,000	7,000	1
Primary Massive Sulphides	Indicated	O/Pit / U/Ground	7.80	5.8	2.0	456,000	502,000	1
	Inferred	Underground	2.32	4.3	2.0	100,000	149,000	1
Total			14.33	4.6	1.6	652,000	742,000	

Note: Refer to the Competent Person's Statements – Mineral Resources

1. Competent Person for these zones of resource was Diederik Speijers of McDonald Spielers
2. Competent Person for these zones of resource was David Slater of Coffey Mining



Appendix – DeGrussa: Ore Reserves

Table 2: DeGrussa Copper-Gold Project – March 2011 Ore Reserve Statement

Deposit	Reserve Category	Mining Method	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (t)	Contained Gold (oz)
DeGrussa	Probable	Open Pit - DSO	0.14	25.6	2.5	37,000	12,000
DeGrussa/C1/Chalcocite	Probable	Open Pit	0.23	6.1	2.4	14,000	17,000
DeGrussa	Probable	Underground	1.50	6.6	1.9	99,000	90,000
Conductor 1	Probable	Underground	5.76	4.9	1.8	283,000	337,000
Conductor 4	Probable	Underground	0.76	4.4	1.2	33,000	30,000
Total	Probable		8.39	5.6	1.80	465,000	485,000

Note 1: An open pit cut-off grade of 8.5% Cu is applied on the Chalcocite to provide a targeted 26% Cu direct sale product (Achieved 25.6% Cu after dilution). All other material within the defined deposit boundaries has been included in the reporting of Ore Reserves with any sub-economic grade material being treated as internal dilutents. These Ore Reserves include an overall assumption of 2.5% mining dilution at nil grade for all grade categories along with an assumed 2.5% mining loss of ore tonnes when mined. Calculations rounded to the nearest 10,000 tonnes; 0.1% Cu grade, 0.1 g/t Au grade; 1,000 tonnes Cu metal and 1,000 ounces Au metal. Errors of rounding may occur. These Ore Reserves occur within an open pit design containing 26Mt of total material, resulting in a waste to ore strip ratio of 70:1.

Note 2: Underground mining recovery factor of 95% applied to diluted stoping blocks, with cut-off grade of 1.5% Cu and minimum stope size of 2,000t. Calculations rounded to the nearest 1,000t, 0.1%, 0.1g/t and 1,000 ounces; errors of rounding may occur; assumes commodity prices of US\$7,673/t for copper and US\$1,300/oz for gold with a USD/AUD exchange rate of \$0.86; assumes 91% metallurgical recovery rate. Note: Refer to the Competent Person's Statement – Ore Reserves at the end of this release.

- Resource zones still to be converted to Ore Reserve status:
 - Open pit oxide copper resources of 3.58Mt @ 1.2% Cu and 0.5g/t Au (44kt contained copper, 56koz contained gold)
 - 2.32Mt of Inferred Massive Sulphide resources @ 4.3% Cu, 2.0g/t Au (100kt contained copper, 149koz contained gold)

