

ASX/Media Release

26 September 2013

DEGRUSSA PROJECT FINANCE FACILITY

Sandfire Resources NL (ASX: **SFR**; "Sandfire") is pleased to advise that it has further strengthened its working capital position with a reduction in repayments and reserve account requirements for the 2014 financial year for the remaining \$285 million balance of the Project Finance Facility.

The improved repayment profile has been achieved with the Company's financiers with the transition of the DeGrussa Mine to steady-state operations as well as alignment of the funding model with the recently announced DeGrussa Mine Plan (refer ASX Announcement of 18 July 2013 – "DeGrussa Mine Life Extension and Ore Reserve Update"). This Mine Plan included recent additions to the Conductor 4 and Conductor 5 deposits, extending the mine life until late CY2020.

Quarterly repayments under the revised schedule commence in late September 2013 (first repayment of \$15 million) and are more evenly spread over the facility repayment period, which remains fixed ending December 2015.

The Company's working capital position will be strengthened for the period ended June 2014 with a reduction in repayments (\$40 million) and debt service reserve account requirements (\$15 million).

Table 1: Summary of revised repayment schedule

Period ended	Original schedule	Amendment	Revised schedule
	\$M	\$M	\$M
June 2014	165	(40)	125
June 2015	90	(15)	75
December 2015	30	55	85
Total	285	-	285

Sandfire has completed two repayments of \$50 million in March 2013 and \$45 million in June 2013, reducing the outstanding facility balance from \$380 million to \$285 million.

Sandfire's Managing Director, Mr Karl Simich, said the Company had proposed a new repayment profile after recently completing its new Life-of-Mine plan through until 2020, with the new repayment profile agreed following an extensive review undertaken by the banking syndicate in recent weeks.

"The DeGrussa operation is performing well and we are on track to achieve our September 2013 Quarter production guidance of 14-16,000 tonnes of contained copper in concentrate," Mr Simich said.

"With the transition of the operation to steady-state production and the adoption of our new Life-of-Mine Plan, the implementation of this new repayment schedule strengthens our working capital position for FY2014. With the completion of scheduled sales around the end of September 2013, the Company expects to have in excess of \$100 million in cash.



“There is no change to the term of the Project Finance Facility, which is still to be fully repaid by the end of December 2015, however the quantum of payments have been adjusted to set new minimum repayment obligations while preserving the ability for Sandfire to make early or additional repayments as cash flows allow.

“I would like to thank our banking syndicate for their continued support, which has enabled us to fully debt fund the project and therefore maintain a tight capital structure – effectively maximising the value potential for our shareholders”.

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