



SANDFIRE RESOURCES NL

ASX Code: SFR

**A Premier Australian
Copper Producer**

September 2013 Quarterly Report Presentation
Webcast – Karl Simich, Managing Director and CEO
24 October 2013

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Forward-Looking Statements and Competent Person's Statement



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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.



Agenda

September 2013 Quarterly Report Presentation



- Highlights
- Safety
- Mining
- Processing
- Sales
- Production, Cost and Capital
- Exploration
- Summary



September 2013 Quarterly Highlights

Strong production quarter at upper end of guidance; ramp-up of underground mine; FY2014 guidance maintained



Production and Operations

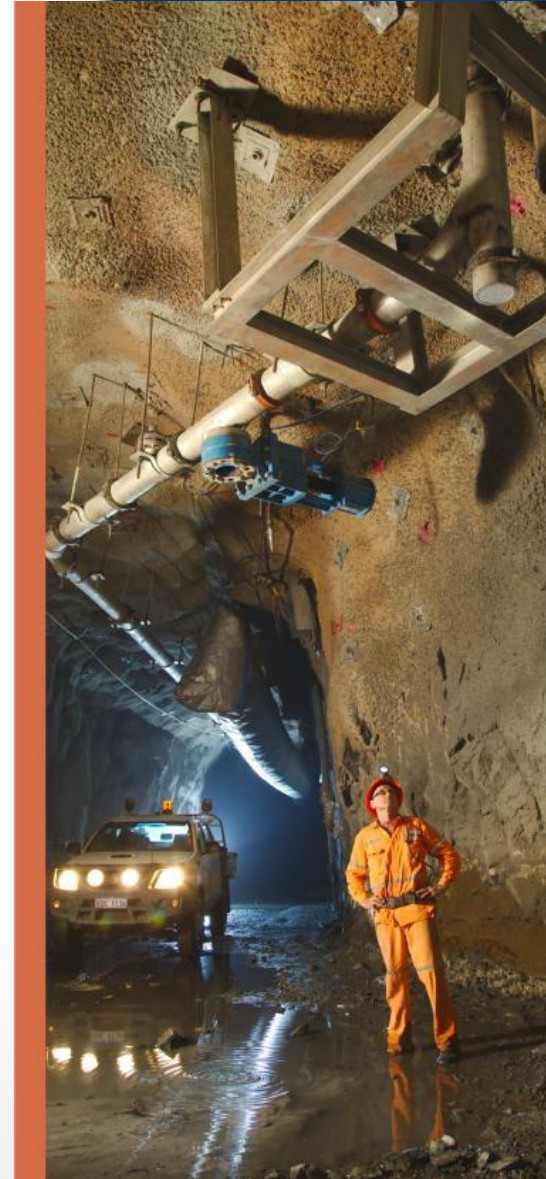
- **16,446t copper** and **8,613oz gold** produced; C1 cash cost of **US\$1.28/lb**
- **1.5Mtpa Concentrator throughput maintained**; open pit blend completed, recovery increasing with 100% underground ore
- **Ramp-up of underground mine to 1.5Mtpa nearing completion**; large stopes commenced, 1.4Mtpa September 2013 mining rate achieved
- FY2014 production guidance maintained: **65-75,000t copper**, **35-45,000oz gold** weighted towards the second half of FY2014 due to head grade and recovery profile; **C1 cash cost US\$1.05-1.15/lb**

Exploration

- Underground diamond drilling commenced and set to accelerate in FY 2014 from C4/C5 decline
- Strong ongoing focus on near-mine and regional exploration: sustained by robust operating cash flows
- Targeting further mine life extensions at depth and along exploration corridor

Corporate and Financial

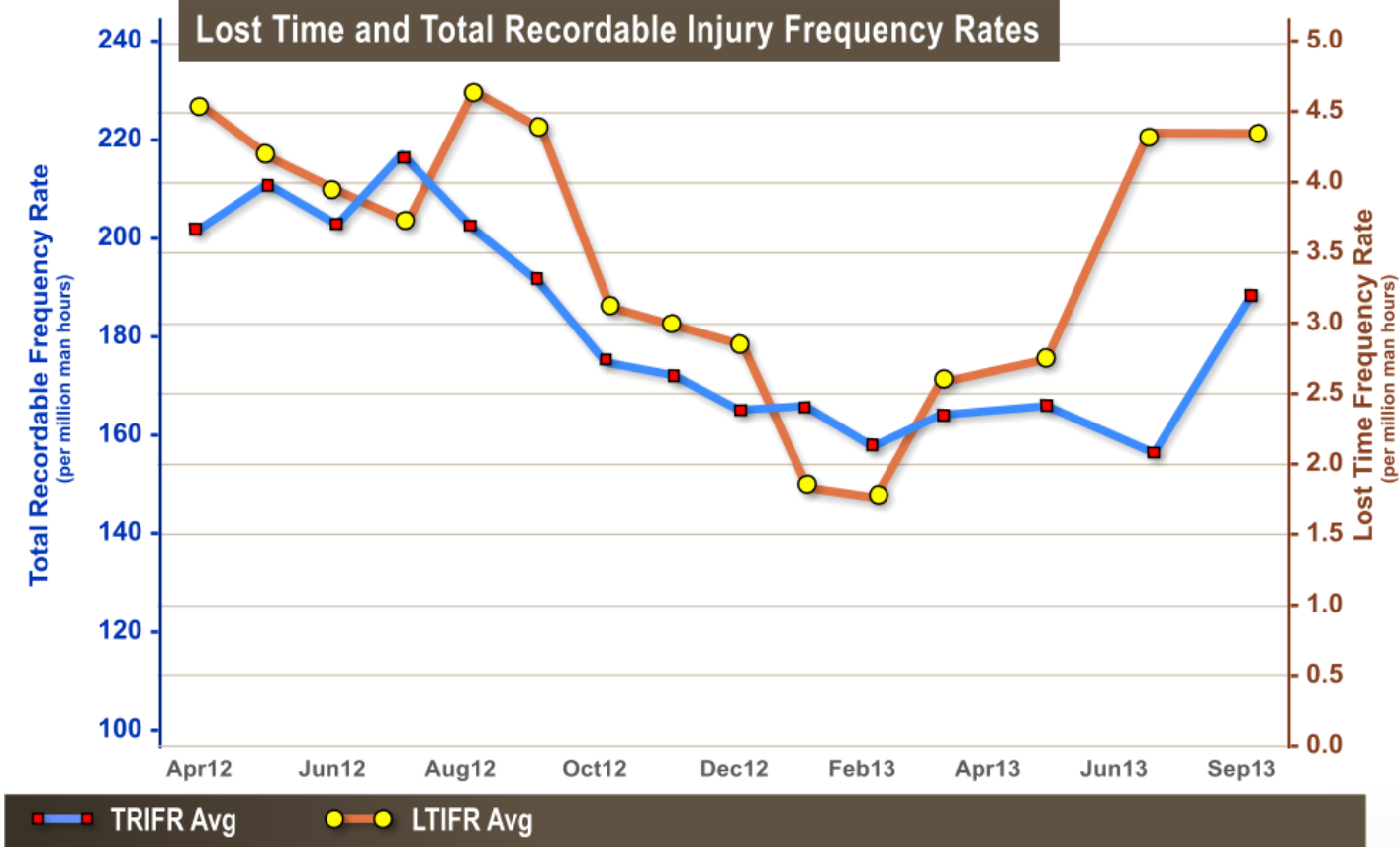
- Finance facility repayment profile revised following adoption of Life-of-Mine Plan
- \$270M remaining facility balance at 30 September 2013; \$101M cash and deposits



Safety

Continued sound safety performance

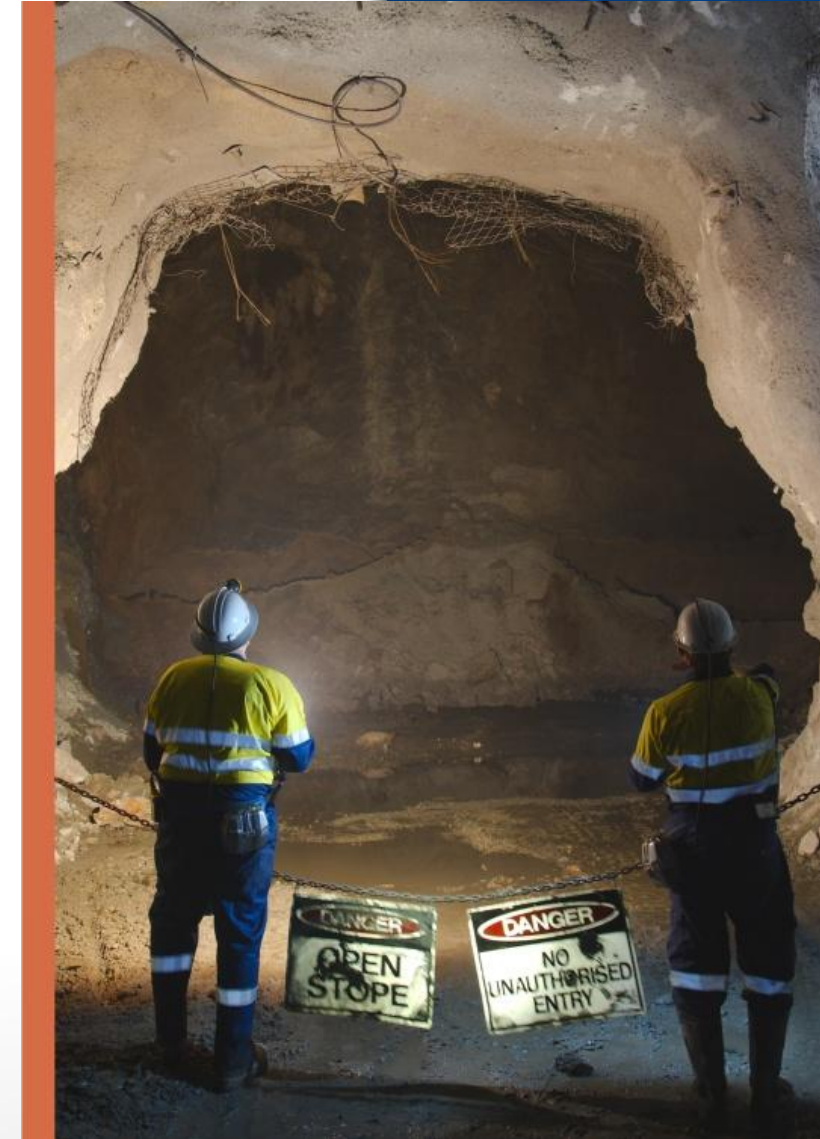
- LTIFR of 4.4 at Quarter-end (vs. 4.4 at June Quarter-end)
- Long-term safety performance trend in line with DeGrussa Safety Plan
- Safety intervention involving visual leadership undertaken to address poor performance during the Quarter
- Positive improved safety performance in later part of the Quarter and into October 2013





UNDERGROUND

- **Six stopes** now on-line with several large stopes commenced
- Open pit transitional ore blending has ceased
- Underground mining rate of **1.4Mtpa** for September 2013 – targeting 1.5Mtpa steady-state from October 2013 onwards
- Paste plant performance **stabilised and improving** – Conductor 1 primary stopes filled
- Progressed development of **C1 (244m) and C4/C5 (298m) declines** from Evans Decline junction
- Total underground development progressed to **+15km**



Processing

Ramp-up on track to achieve targeted production

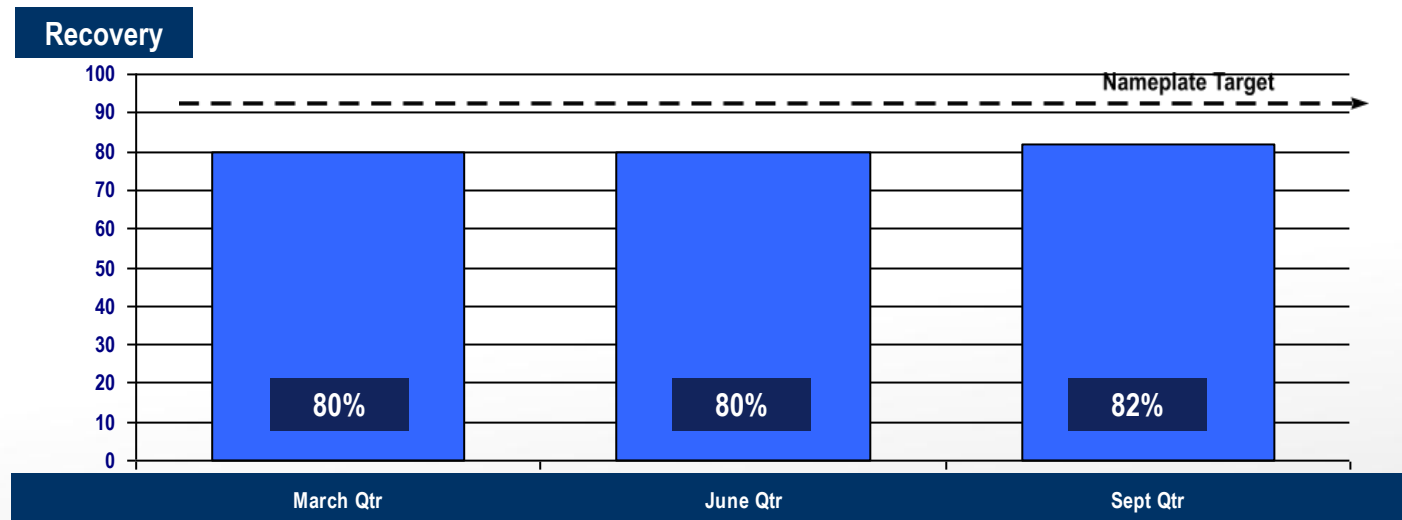
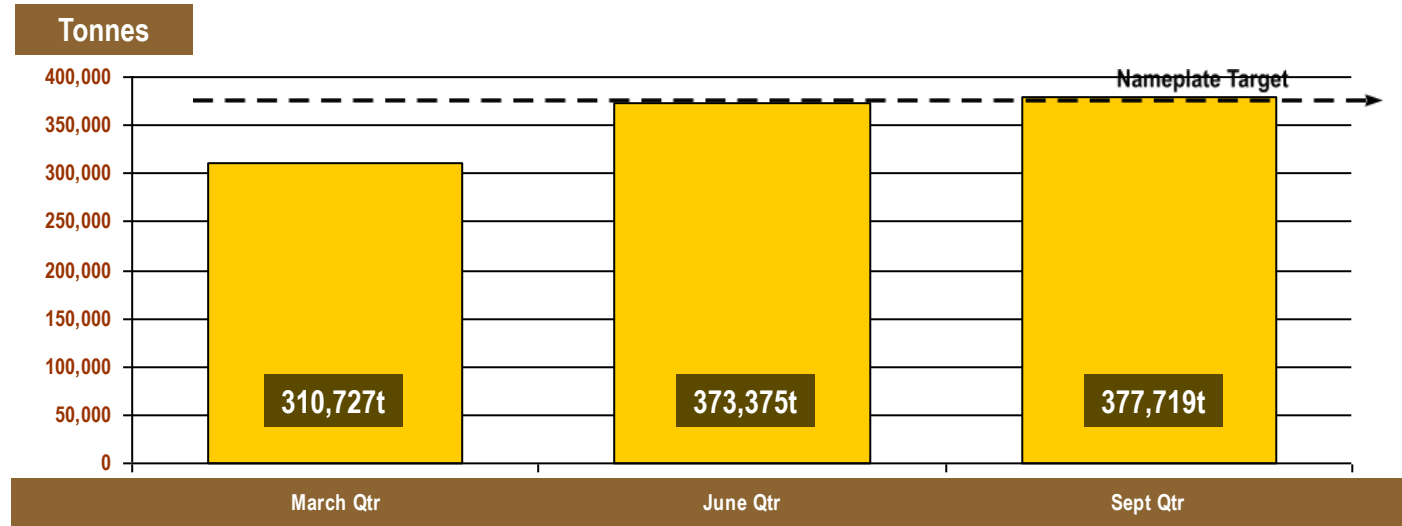


MILL THROUGHPUT

- **377,719t** milled at average head feed grade of **5.3% Cu**
- **Nameplate 1.5Mtpa** throughput target achieved since April 2013

RECOVERY

- Increased overall recovery of **82.0%** reflecting continuing impact of blending open pit transitional material: blending now ceased
- Achieved recoveries of **85-92%** for primary underground ore when processed through the Concentrator – **targeting nameplate +90%**



Processing

Ramp-up on track to achieve targeted production



MILL THROUGHPUT

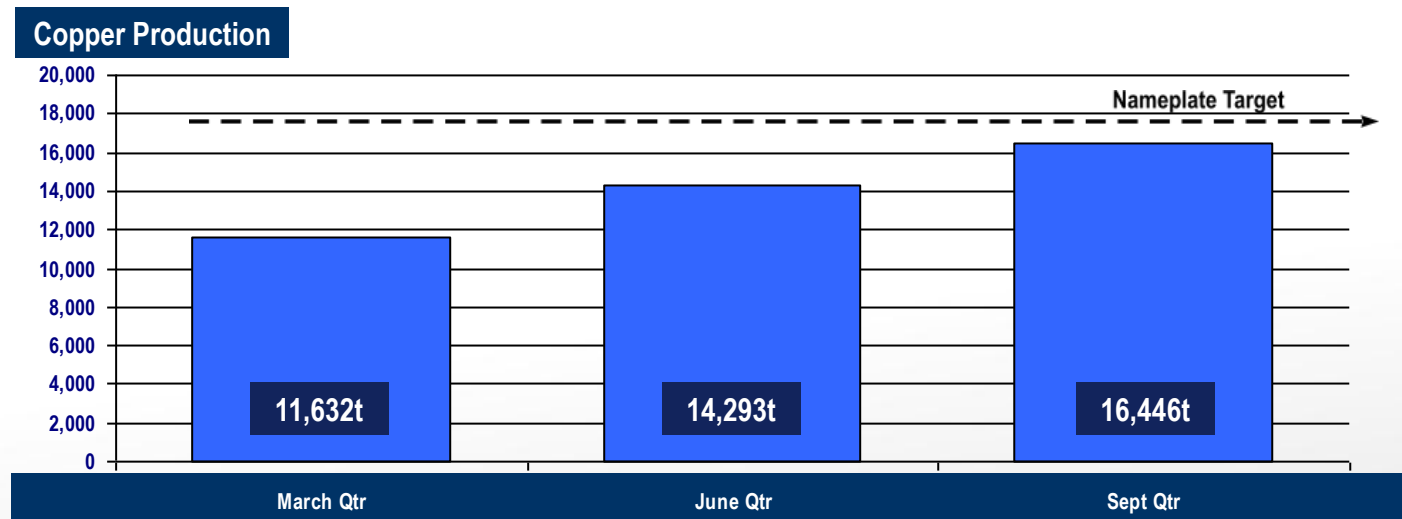
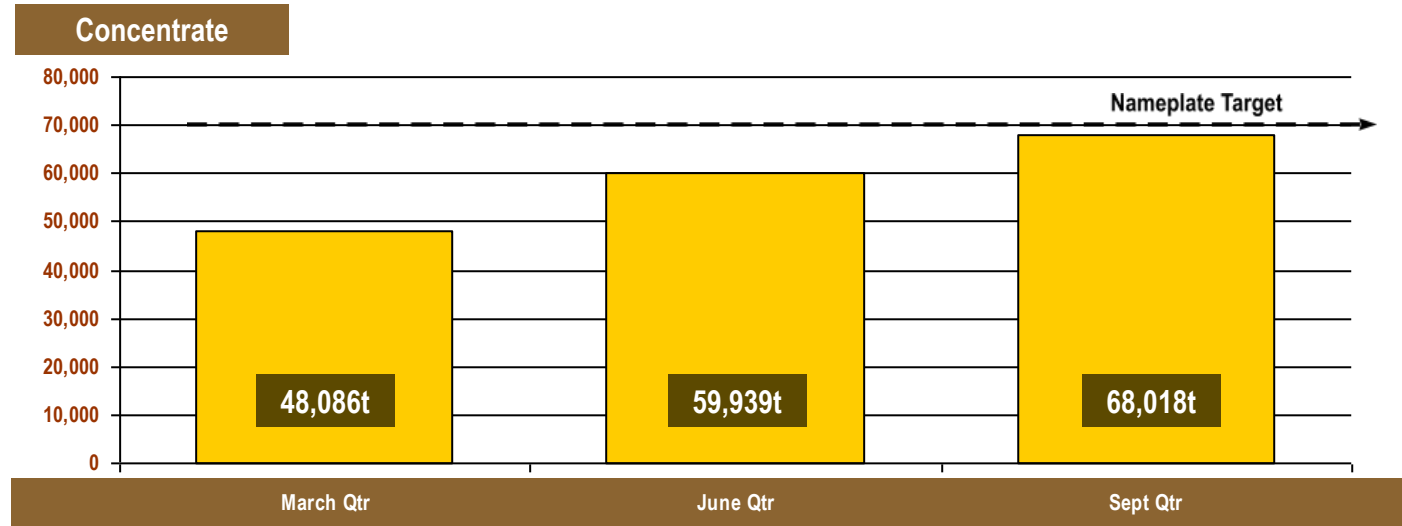
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CONCENTRATE & METAL PRODUCTION

- **68,018t** of concentrate produced
- **16,446t** of contained copper produced: upper end of guidance due to strong head feed grade of 5.3% Cu



Quarterly Unit Operating Costs

C1 and total production costs



Unit costs – DeGrussa Mine	Q1 FY2014 Actual (US\$/lb)	Q4 FY2013 Actual (US\$/lb)	Commentary
Mining (net of development)	0.64	0.57	Unit cost reduction from the June 2013 Quarter driven by higher head grade and resultant metal production.
Processing	0.33	0.45	
Business services	0.12	0.15	
Transport, treatment and refining	0.50	0.54	Mining unit costs remain above FY guidance level with ore cost of open pit ore in blend.
C1 cost (pre-by product credit)	1.59	1.71	FY2014 C1 guidance maintained at US\$1.05–1.15/lb.
By-product credit (gold)	(0.31)	(0.34)	
C1 cost	1.28	1.37	Variability in stope grades for the December 2013 Quarter and 2H FY2014 expected to drive variability in C1 unit costs.
Royalties	0.19	0.15	Underground amortisation rate assumptions increased, driving D&A.
Production cost	1.47	1.52	
Depreciation and amortisation	0.62	0.69	Underground development capital estimated at \$78-80 million; ahead of scheduled development rates.
Total production cost	2.09	2.21	

FY2014 Assumptions:

Gold – US\$1,300/oz; Currency – A\$1.00:US\$0.90; Unit cost Guidance provided on mid-point of FY2014 copper and gold production (70,000t Cu, 40,000oz Au)

Sales

Copper and gold sales

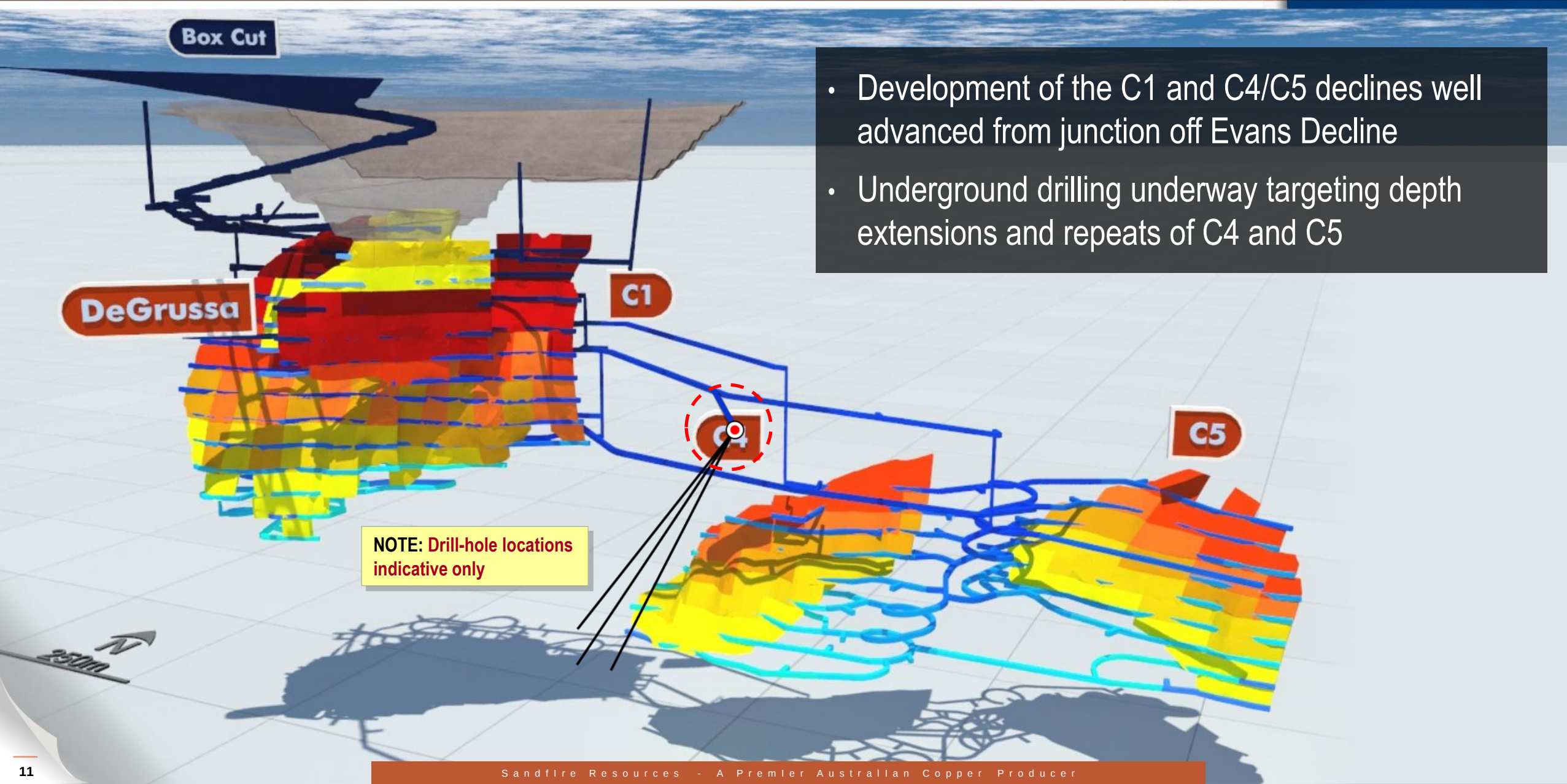


- Quarterly sales of **15,764 tonnes of copper** and **7,482oz of gold**
- Concentrate shipments progressing as scheduled
- **9,000 tonnes** concentrate holding at site and at port
- Port Hedland and Geraldton Ports both operating well



Underground Exploration Gathering Momentum

C4/C5 declines mark beginning of a new chapter for DeGrussa

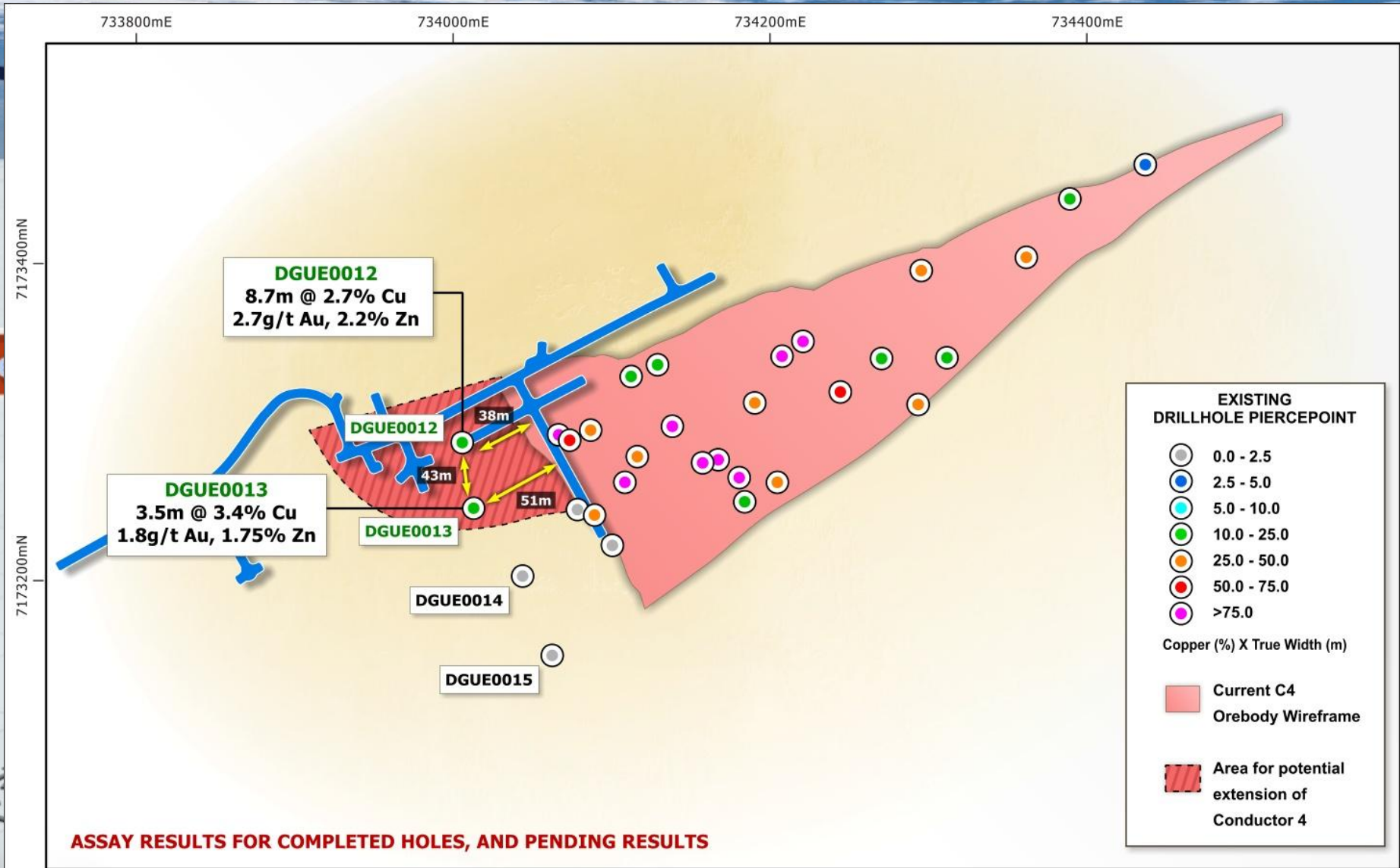


- Development of the C1 and C4/C5 declines well advanced from junction off Evans Decline
- Underground drilling underway targeting depth extensions and repeats of C4 and C5

NOTE: Drill-hole locations
indicative only

Underground Exploration – C4 Extensions

Drilling underway targeting down-plunge extensions of the Conductor 4 deposit

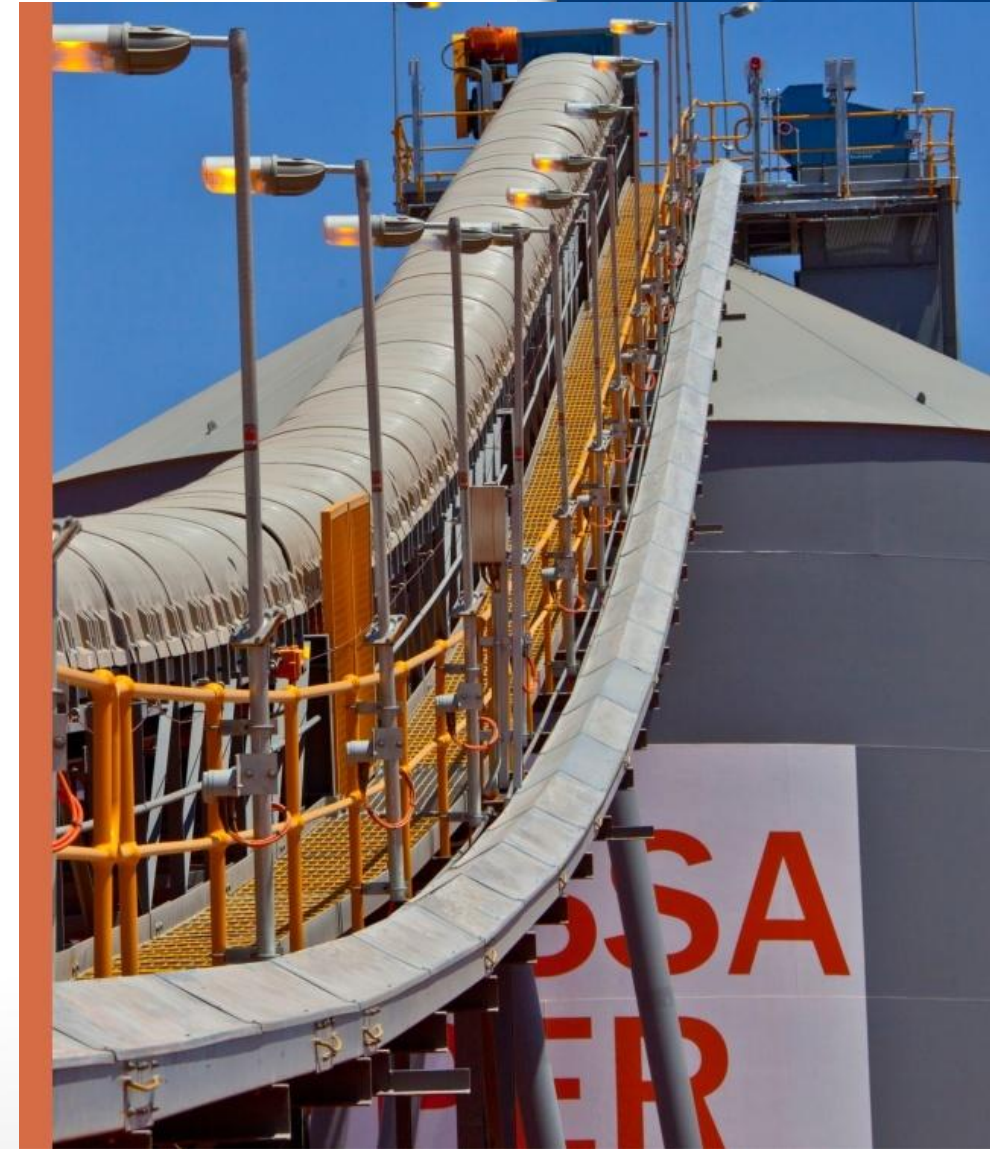


Summary

Strong production quarter; exploration gathering momentum

- Strong production performance:
 - 16,446t copper and 8,613oz gold production at C1 unit cost of US\$1.28/lb
 - Guidance of 65-75,000t copper and 35-45,000oz gold
 - C1 unit cost of US\$1.05-1.15/lb maintained
- Strong operating cash flow:
 - Decline and mine development, repaying finance facility, strong exploration commitment, business development opportunities
- Finance facility amendment following successful commissioning
- Underground exploration set to accelerate in FY2014
- Well placed to pursue external growth opportunities

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Appendix: Competent Person's Statements



Competent Person's Statement – Mineral Resources and Open Pit Ore Reserves

- The information in this report that relates to Mineral Resources and Open Pit Ore Reserves is based on information compiled by Mr. Ekow Taylor who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Taylor is a permanent employee of Sandfire Resources and has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Taylor 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 – Underground Ore Reserves

- The information in this report that relates to Underground Ore Resources is based on information compiled by Mr Shane McLeay who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr. McLeay is a permanent employee of Entech Pty Ltd and has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for 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.

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- 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.

Exploration and Resource Targets

- Any discussion in relation to the potential quantity and grade of Exploration Targets 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 Mineral Resource inventory and it is uncertain if further exploration will result in the determination of additional JORC compliant Mineral Resources.