



SANDFIRE RESOURCES NL

ASX Code: SFR

A Premier Australian Copper Producer

December 2013 Quarterly Report Presentation

Webcast – Karl Simich, Managing Director & CEO

21 January 2014



Access this presentation at: <http://www.brrmedia.com/event/119667/karl-simich-managing-director-and-ceo> / <http://www.sandfire.com.au>

Important Information and Disclaimer

Forward-Looking Statements and Competent Person's Statement

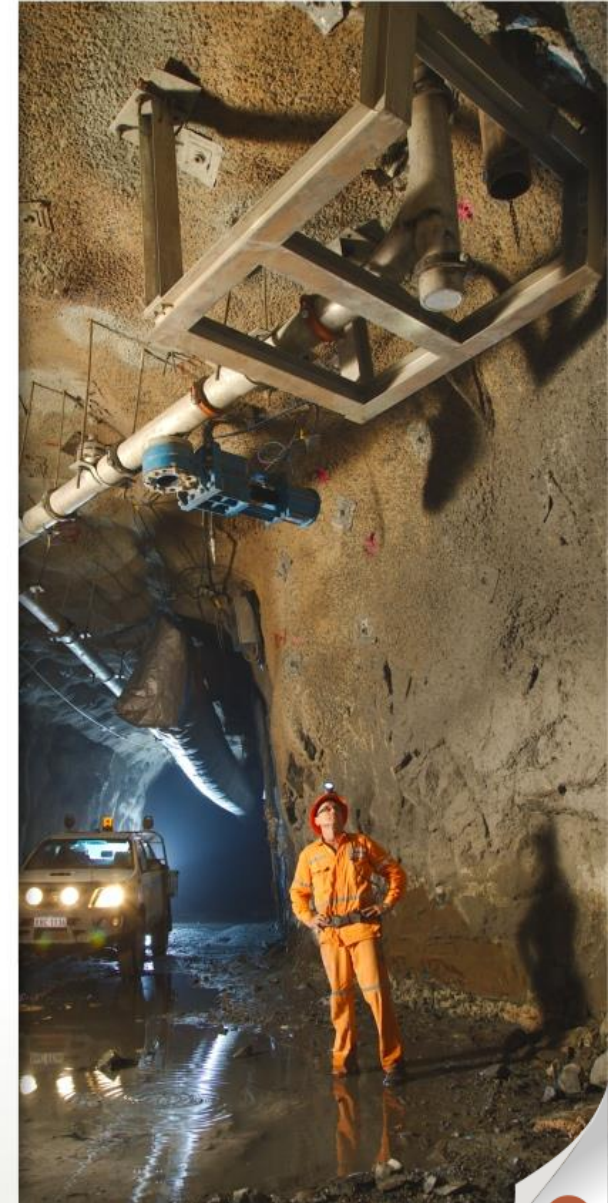


Forward-Looking Statements

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Competent Person's Statement

- The information in this report that relates to Exploration Results is based on information compiled by Mr. Shannan Bamforth who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Bamforth is a permanent employee of Sandfire Resources and has sufficient experience that is relevant to the style of mineralisation 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 Bamforth consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



Agenda

December 2013 Quarterly Report Presentation



- Highlights
- Safety
- Mining
- Processing
- Sales
- Operating Costs
- Exploration
- Summary



December 2013 Quarterly Highlights

Strong production at upper end of guidance; 1.5Mtpa mining rate achieved; new regional exploration JV's secured



Production and Operations

- Dec Qtr: **15,492t copper** and **5,957oz gold** produced; C1 cash cost of **US\$1.29/lb**
- 1H FY2014: **31,938t copper** and **14,570oz gold** produced
- **1.5Mtpa** underground mining rate achieved
- Copper recoveries increased to **90%** as planned; further recovery improvement initiatives underway to achieve target **~92% for 2H FY2014**
- **FY2014 production guidance:**
 - mid-point of **65-75,000t contained copper**; lower end of **35-45,000oz gold**, influencing C1 cash cost at **upper end of US\$1.05-1.15/lb**

Exploration

- **Extensions of Conductor 4 and Conductor 1 down-plunge** delineated by underground diamond drilling: to be included in updated Mineral Resource, Ore Reserve and Mine Plan
- **New regional farm-in joint ventures** completed with Ventnor Resources (Thaduna/Green Dragon) and Talisman Mining (Doolgunna Projects)

Corporate and Financial

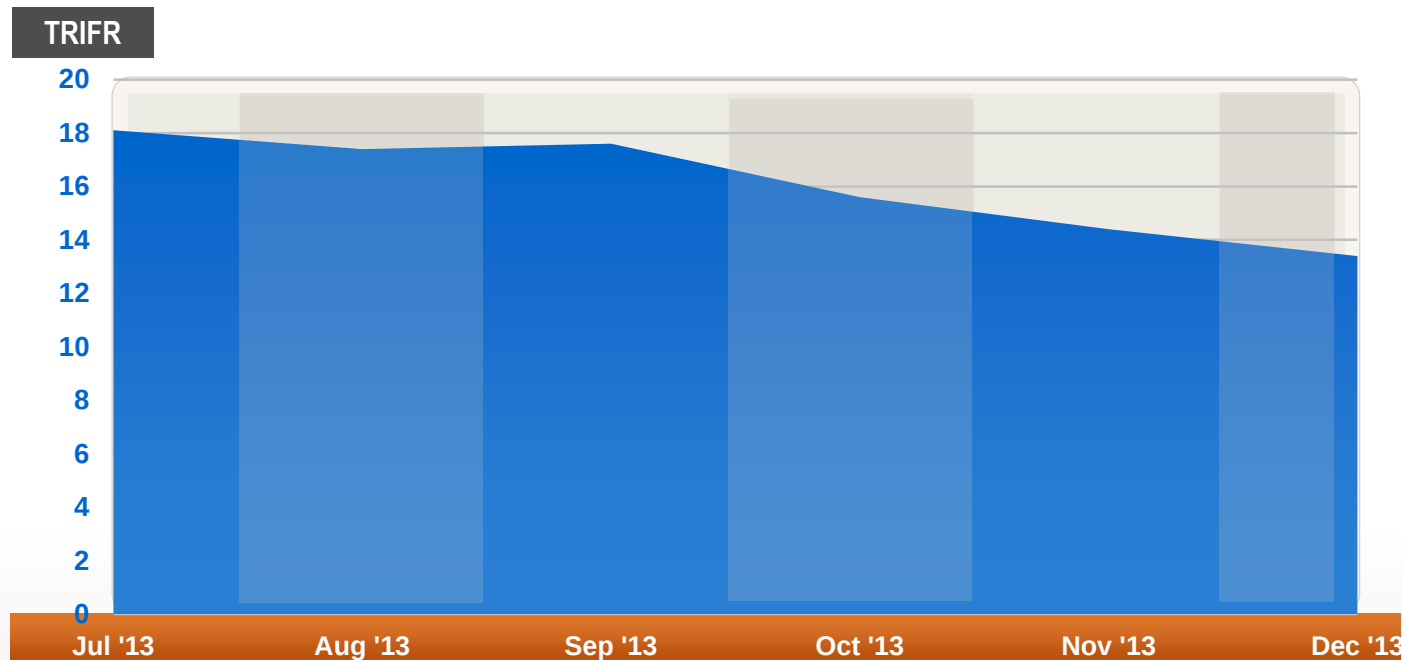
- **\$75M** cash and deposits following **\$40M** bank repayment end Dec 2013: **high inventories** at 31 Dec
- **\$230M** remaining facility balance at 31 December 2013



Safety

Continued sound safety performance

- Total Recordable Injury Frequency Rate (TRIFR) to be used as major lag indicator from current Quarter onwards
- Steady decline in TRIFR to 13.5 at Quarter-end (vs. 17.6 at September Quarter-end); TRIFR for December Quarter was 9.1





UNDERGROUND

- **Five stopes** now on-line with several large stopes commenced
- Underground mining rate of **1.5Mtpa** achieved with **378,825t** of underground sulphide ore mined for the Quarter
- Paste plant performance **improving**
- Progressed development of **C1 (369m) and C4/C5 (384m) declines** from Evans Decline junction
- **Drilling underway** to confirm optimal decline path and development plan for C4/C5
- Total underground development progressed to **+17km**



Processing

Copper recoveries increased and improving further; strong concentrate production

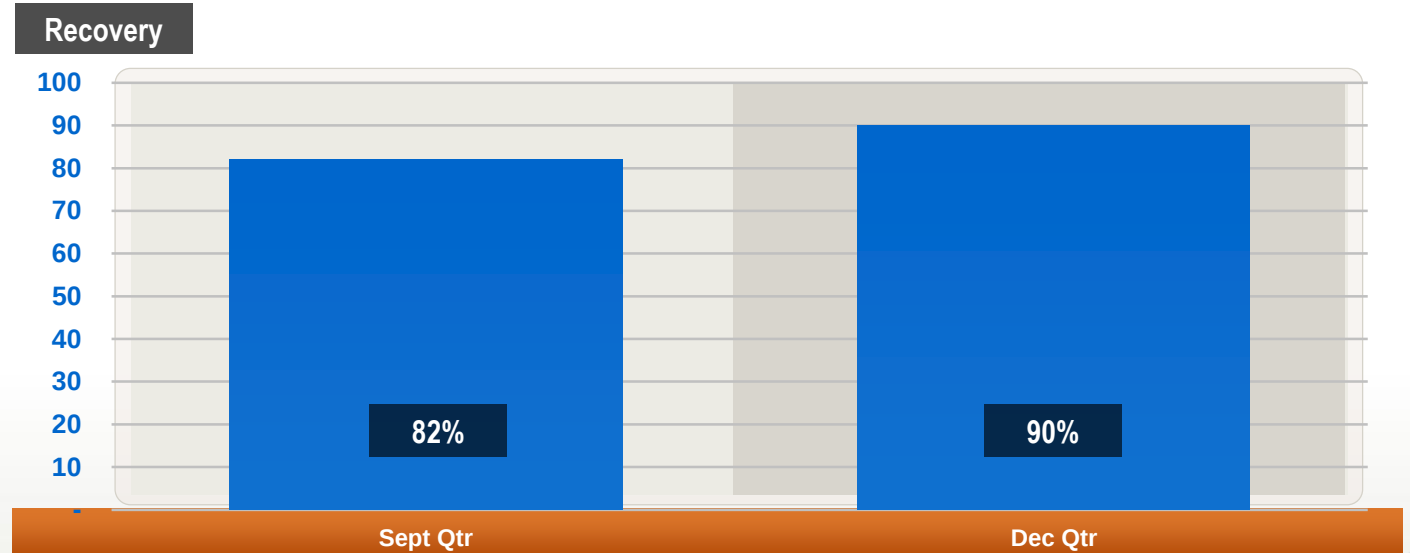
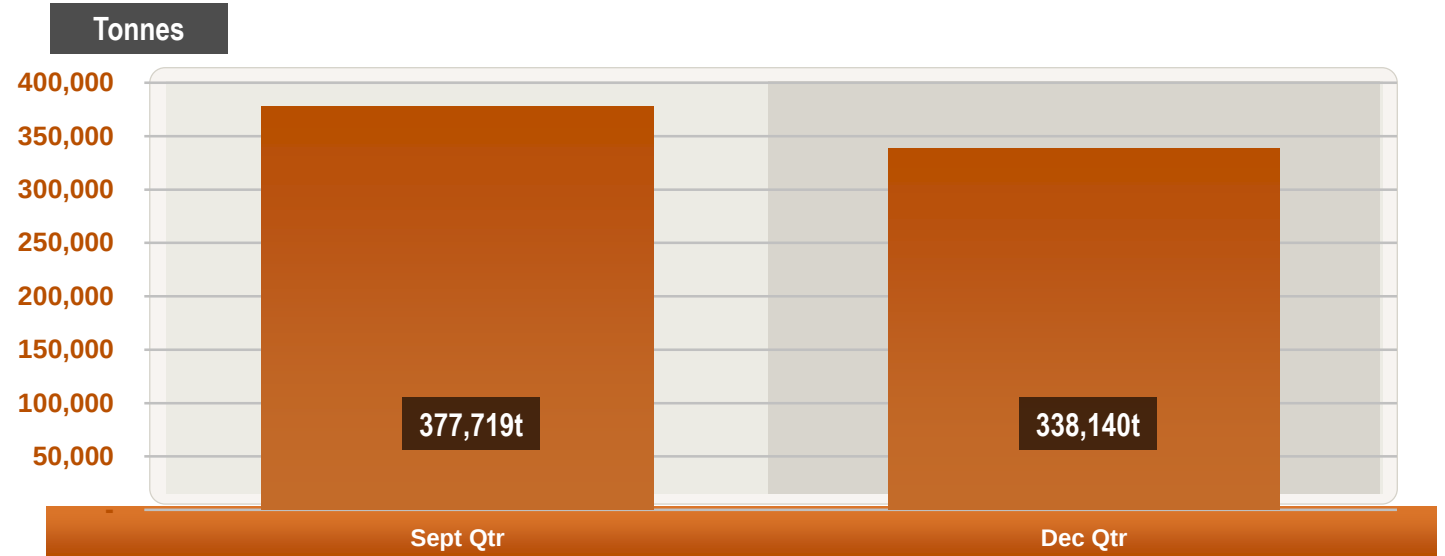


MILL THROUGHPUT

- **338,140t** milled at average head feed grade of **5.1% Cu**
- **On track for nameplate 1.5Mtpa for FY2014**
- **Successful optimisation programs** completed including control system upgrades and scheduled December shutdown

RECOVERY

- **Increased overall recovery of 90%** achieved as planned, reflecting 100% underground sulphide ore feed and plant stabilisation
- Further recovery improvement initiatives underway targeting **~92% recovery** during 2H FY2014



Processing

Ramp-up on track to achieve targeted production



MILL THROUGHPUT

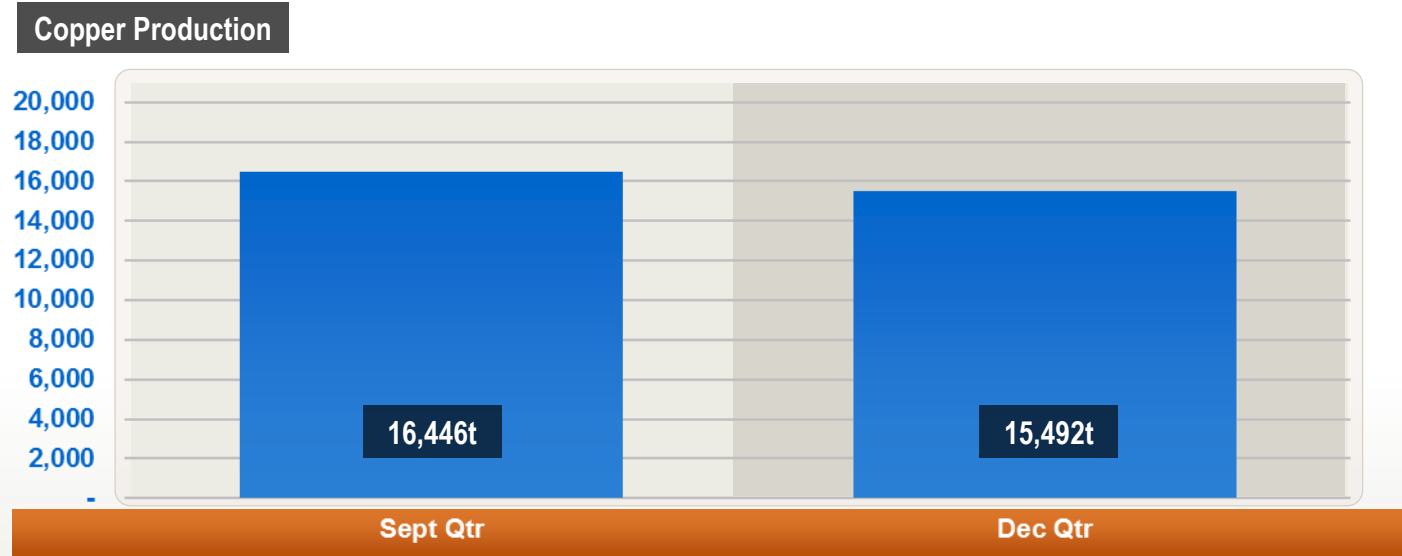
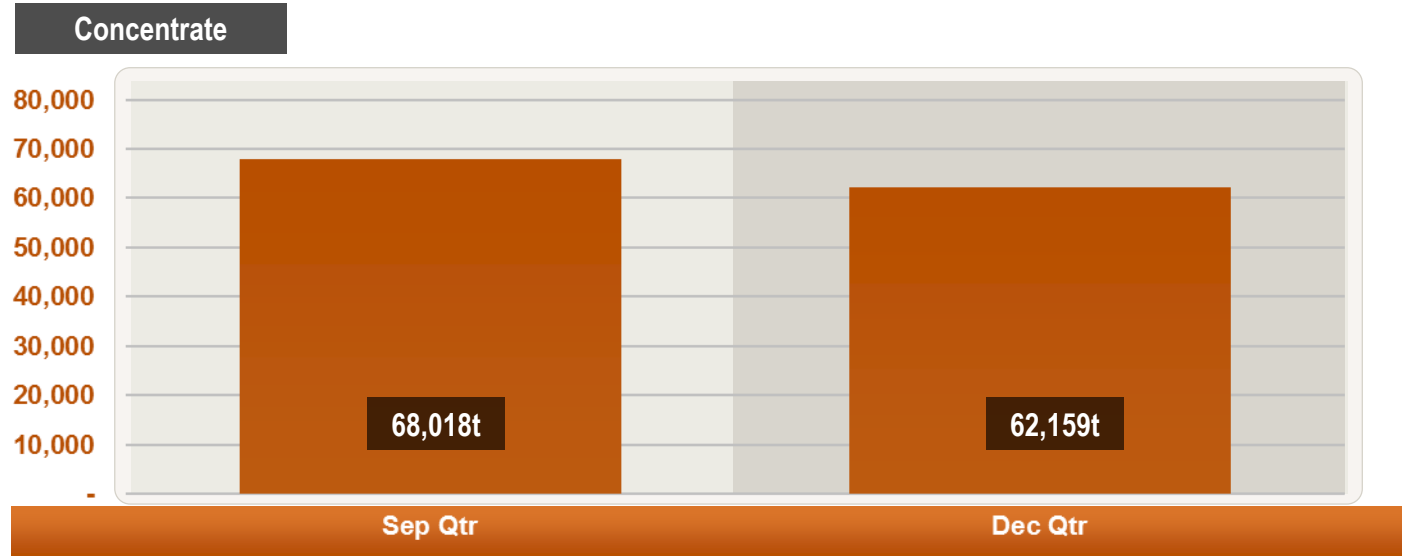
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CONCENTRATE & METAL PRODUCTION

- **62,159t** of concentrate produced
- **15,492t** of contained copper produced: upper end of guidance





- Quarterly sales of **13,136 tonnes of copper** and **5,694oz of gold**
- **13,000+ tonnes** concentrate holding at site and at port at Quarter-end
- Shipment completed in **January 2014** from December Quarter production
- Port Hedland and Geraldton Ports both operating well



Quarterly Unit Operating Costs

C1 and total production costs



Unit costs – DeGrussa Mine	Q1 FY2014 (US\$/lb)	Q2 FY2014 (US\$/lb)	Commentary
Mining (net of development)	0.64	0.53	Generally, unit costs have been impacted by lower copper production driven by variability on quarter-on-quarter grade (as previously advised).
Processing	0.33	0.42	
Business services	0.12	0.16	
Transport, treatment and refining	0.50	0.42	Mining costs have reduced with ceased blending of higher cost open pit ore as at the end of the September Quarter.
C1 cost (pre-by product credit)	1.59	1.53	
By-product credit (gold)	(0.31)	(0.24)	Processing and business services costs have been impacted by reduced copper production as well as the costs of the planned December plant shutdown.
C1 cost	1.28	1.29	
Royalties	0.19	0.16	By-product credits have been impacted by lower gold production.
Production cost	1.47	1.45	
Depreciation and amortisation	0.62	0.65	
Total production cost	2.09	2.10	

Exploration Overview

Near-mine exploration delivering results; new regional exploration joint ventures concluded

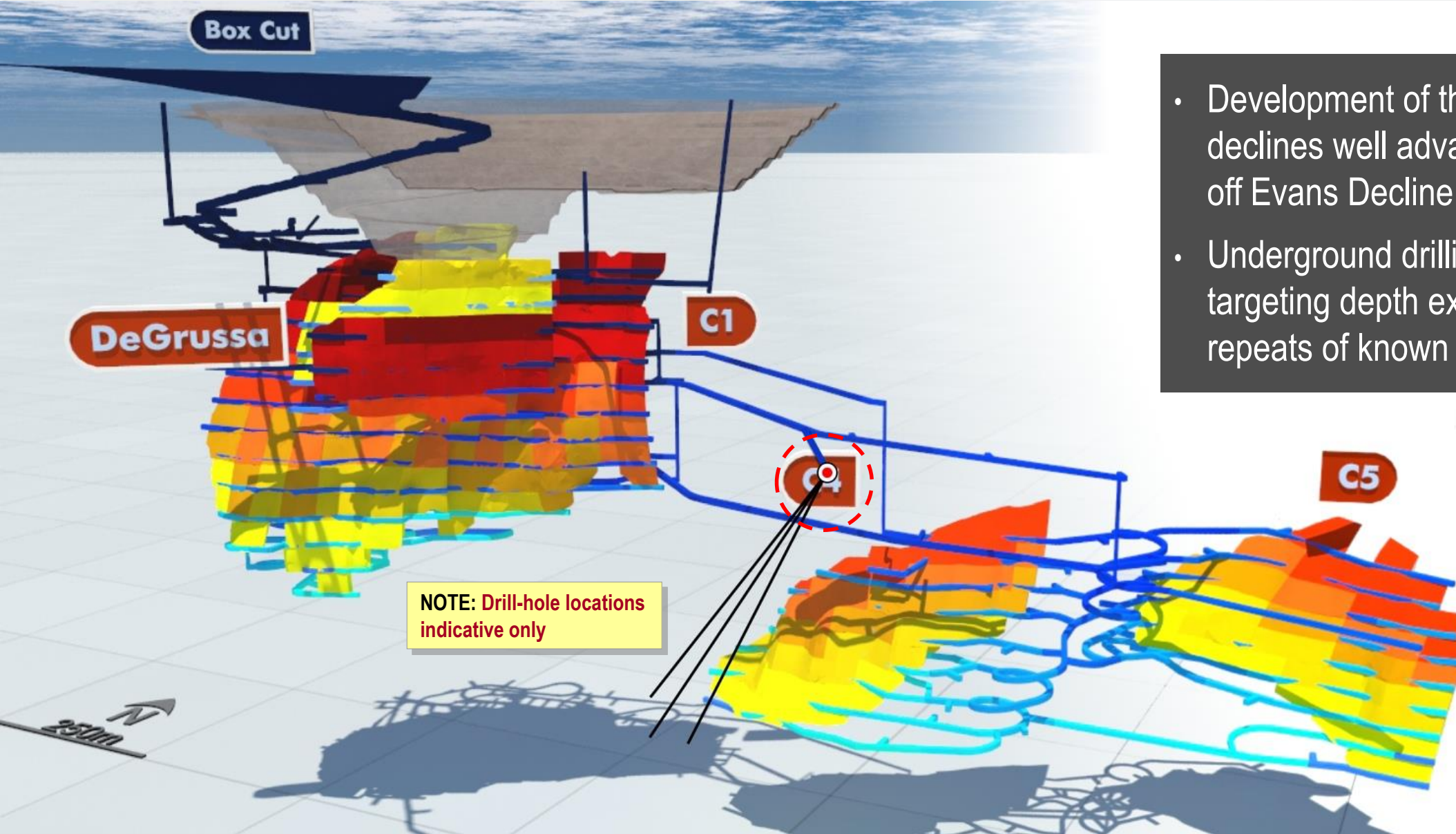


- Strong ongoing commitment to near-mine, mine corridor and regional exploration
- 53,373m of RAB, RC and diamond drilling completed
- Underground drilling continuing:
 - Westward extension of Conductor 4 down-plunge defined
 - Down-plunge extension of Conductor 1
- Deep surface drilling to test for VMS stratigraphic horizon at depth below Conductor 4/5
- Ongoing first-pass and target drilling within broader Doolgunna tenement holding
- Continued development of mine-scale exploration model
- New regional exploration joint ventures secured with Ventnor Resources and Talisman Mining



Underground Exploration Gathering Momentum

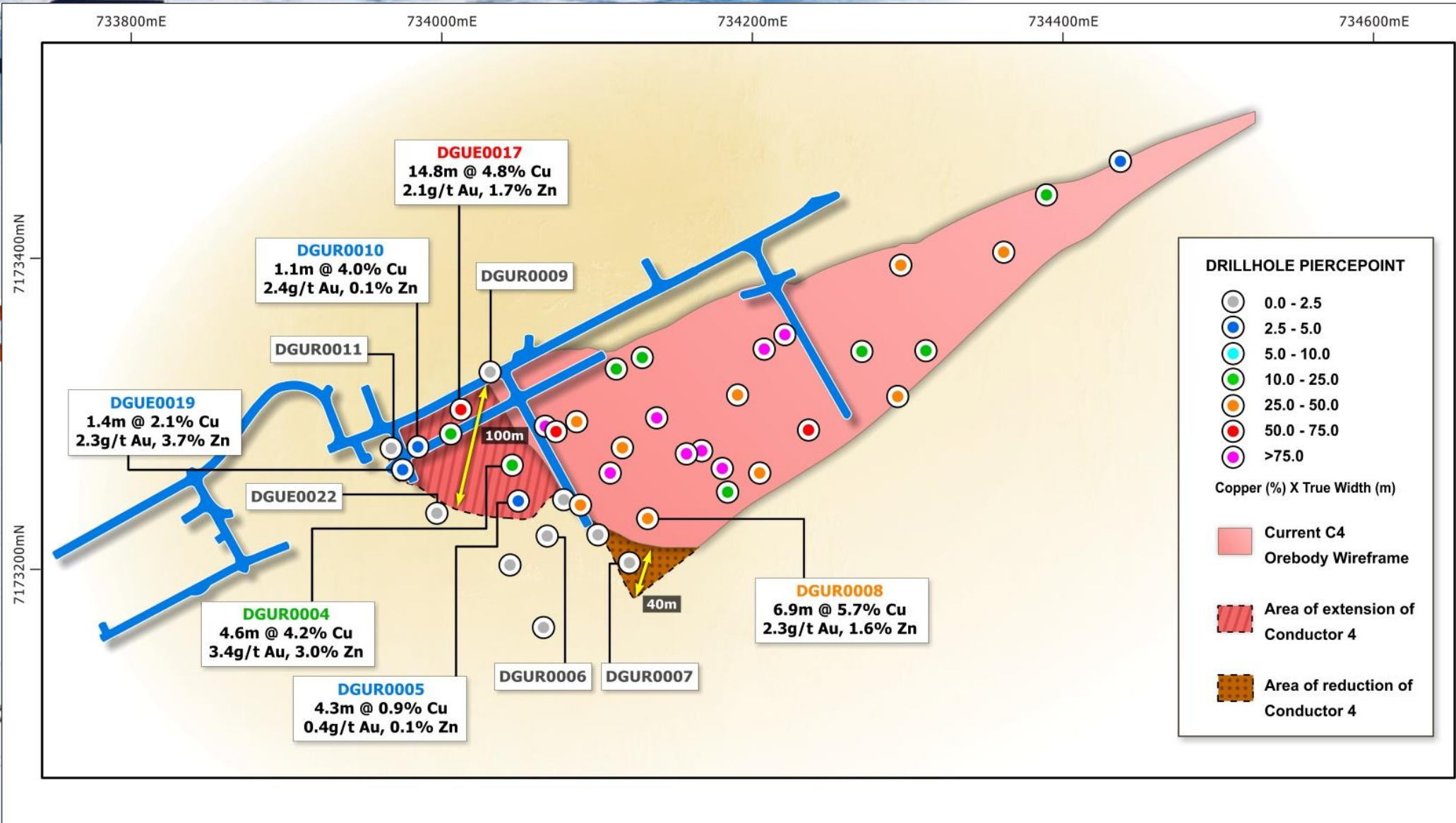
C4/C5 declines mark beginning of a new chapter of underground exploration for DeGrussa



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

Underground Exploration – C4 Extensions

Down-plunge extensions of the Conductor 4 deposit defined; to be included in next DeGrussa Mineral Resource update



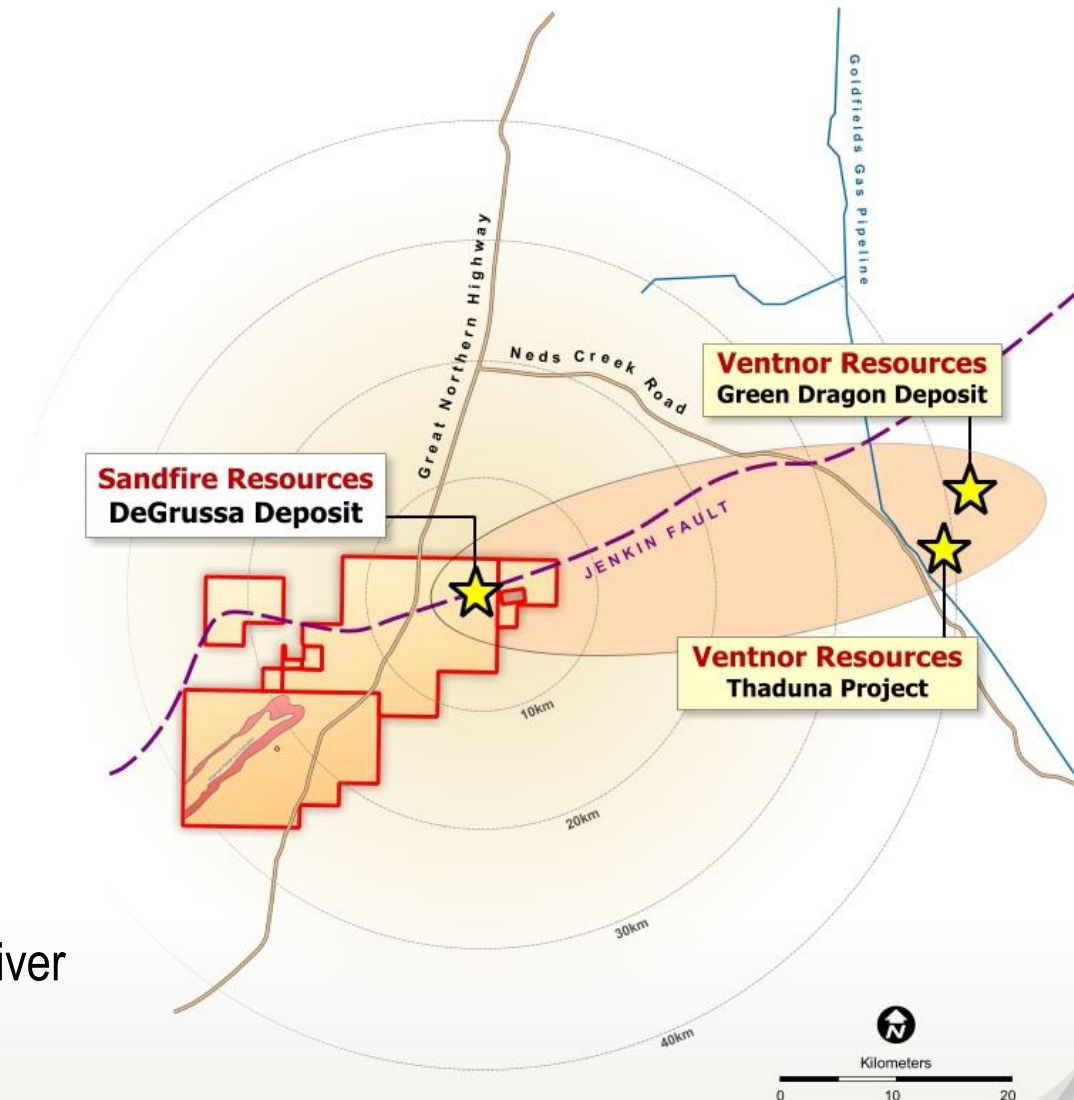
New Regional Growth Opportunities

JV with Ventnor Resources marks first regional growth step in broader Bryah Basin region



Ventnor Resources: Thaduna/Green Dragon JV

- Farm-in JV with Ventnor Resources to secure up to 80% of Thaduna/Green Dragon Project, subject to conditions precedent:
 - \$3M for 35% and establishment of JV;
 - \$3M to increase to 51%;
 - \$3M to earn up to 80%.
- Sandfire brings operational, geological and technical expertise
- Significant logistical and strategic advantages of having 1.5Mtpa plant just 40km away
- Thaduna/Green Dragon the most advanced copper project in the Doolgunna region outside of DeGrussa
- Potential to complement Oxide Copper Project at DeGrussa and deliver incremental copper tonnes



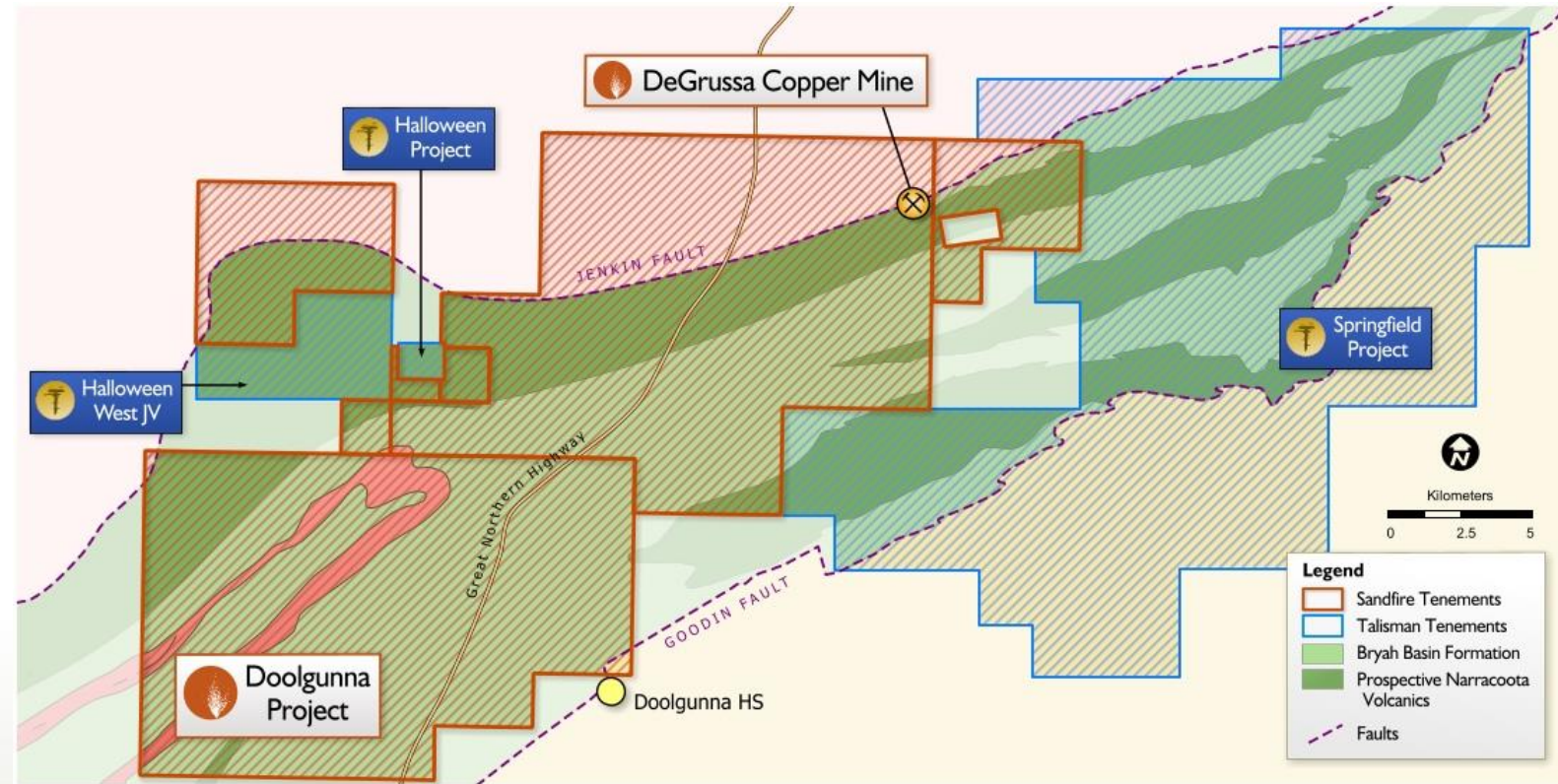
New Regional Growth Opportunities

JV with Talisman Mining over its Doolgunna Projects adjoining Sandfire's DeGrussa Project



Talisman Mining: Farm-in JV over Doolgunna Projects

- Farm-in JV with Talisman Mining to secure up to 70% of its highly prospective Doolgunna copper-gold projects:
 - Minimum expenditure commitment: \$5M over two years;
 - After minimum expenditure, Sandfire can earn a 51% interest by spending a further \$5M within further two years;
 - Option to increase to 70% by sole funding a further \$5M within 18 months
- Sandfire to manage all exploration activities during the farm-in period
- Talisman has invested over \$20M in exploring the Springfield, Halloween and Halloween West projects
- Projects contain extensions of the volcanic rock package which hosts the DeGrussa Project
- Almost doubles Sandfire's strategic exploration footprint in the Bryah Basin



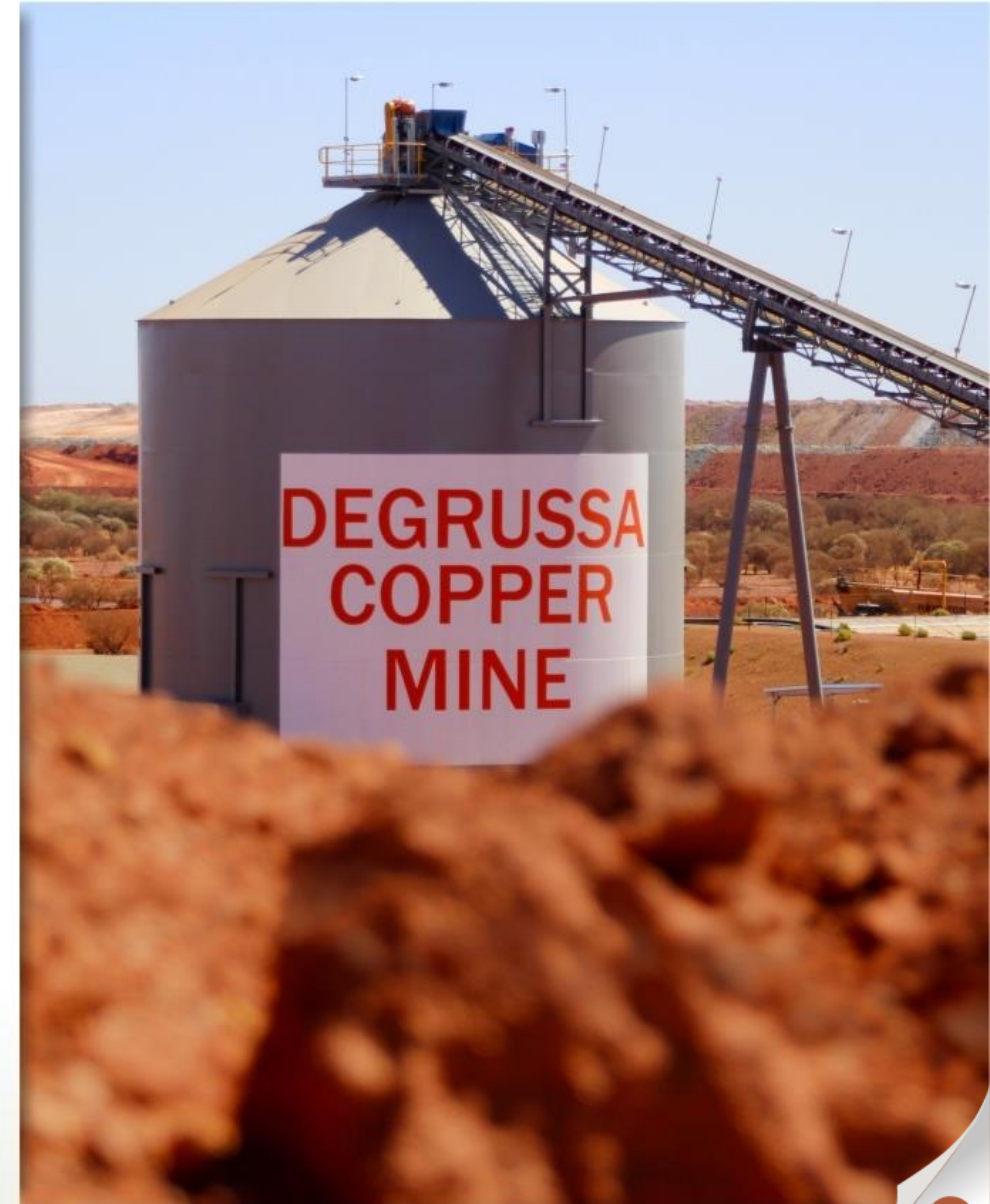
Summary and Outlook

Strong production quarter; strong outlook for 2H FY2014



- Strong quarterly and first half production performance:
 - 15,492t copper, 5,957oz gold production at C1 cost of US\$1.29/lb
 - 1HFY2014: 31,938t copper, 14,570oz gold
- Strong outlook for second half:
 - FY2014 guidance around midpoint of 65-75,000t copper and lower end of 35-45,000oz gold
 - FY2014 C1 unit cost at upper end of US\$1.05-1.15/lb
- Strong operating cash flow:
 - Decline and mine development, repaying finance facility, strong exploration commitment
- New regional exploration joint ventures secured
- 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.