

ASX/Media Release

31 March 2014

DEGRUSSA SATISFIES KEY FINANCING COMPLETION TEST

Sandfire Resources NL (ASX: **SFR**; “Sandfire”) is pleased to announce that it has successfully met the project completion test required by its banking syndicate as part of the original \$380 million Project Finance Facility for its DeGrussa Copper-Gold Mine in Western Australia.

Satisfaction of the project completion test follows the transition of the DeGrussa Project to steady-state operations and marks a significant milestone for Sandfire and DeGrussa.

The test comprised a comprehensive independent operational review including a series of stringent conditions covering key aspects of the operation:

- Mining rates and practices, including stope performance;
- Orebody reconciliation against the Ore Reserve;
- Concentrator performance and recovery profile;
- Paste plant performance;
- Concentrate quality and sales; and
- Operating and capital costs.

As a result of passing the project completion test:

- Sandfire will be able, at the discretion of the Board and subject to usual financing waterfall provisions, to apply surplus cash flow to dividends or other activities;
- The interest rate margin applying to the outstanding balance of the DeGrussa Project Finance Facility will be reduced (by 0.75%), reflecting the reduced risk profile of the operation; and
- \$20 million will be released from the locked Cost Overrun Account.

March 2014 \$40M Debt Repayment

Sandfire has deposited funds to make the scheduled \$40 million repayment of the DeGrussa Project Finance Facility on 31 March 2014. This will reduce the outstanding balance of the facility to \$190 million (from \$230 million at 31 December 2013).

Following the 31 March 2014 repayment, a total of \$190 million of the original \$380 million DeGrussa Project Finance Facility will have been repaid (with a total of \$95 million repaid for FY 2014 to date). A further \$30 million is scheduled to be repaid on 30 June 2014 which will further reduce the outstanding balance of the facility to \$160 million.



Management Comment

Sandfire's Managing Director, Mr Karl Simich, said:

"Passing the bank completion test is a huge achievement, as it means that we have met a large number of independently assessed hurdles relating to our mining practices, the performance of our processing and paste plants, the integrity and robustness of our key deposits and cost control, as well as overall management of the operation.

"It also has important financial and operational implications for the Company. We will benefit from a reduced interest margin on the outstanding balance of the project finance facility and, importantly, we now have significant flexibility to manage how we deploy any surplus cash flow generated by the business.

"We will reduce the balance on the facility to just \$190 million at the end of March, meaning we have halved the original debt of \$380 million in just 12 months.

"This is a reflection of the strong performance of the DeGrussa operation and the continued hard work and focus of all members of our team.

"In conclusion, I would like to thank our banking syndicate for their continued support of Sandfire. The Company has now well and truly achieved its objective of reducing its gearing as quickly as possible. With the DeGrussa operation now running at steady-state levels, we have moved into a new phase of our life as a listed company where we have significant discretion on how to deploy our surplus cash."

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Forward-Looking Statements

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.