



SANDFIRE RESOURCES NL

ASX Code: SFR



A Premier Australian Copper Producer

June 2014 Quarterly Report Presentation

Webcast – Karl Simich, Managing Director & CEO

23 July 2014



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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.

Exploration and Resource Targets

- Any discussion in relation to the potential quantity and grade of Exploration Targets is only conceptual in nature. 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.

Agenda

June 2014 Quarterly Report Presentation



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



June 2014 Quarterly Highlights

Strong production outlook for FY2015; drilling programs underway



Production and Operations

- **June 2014 Quarter: 17,654t copper and 9,288oz gold produced; C1 cash operating cost of US\$1.18/lb**
- **FY2014: 67,690t copper, 33,893oz gold; C1 cash operating cost of US\$1.18/lb**
- **Underground mining and milling rates exceeded 1.5Mtpa for the Quarter**
- **New underground mining contract** awarded to Byrnecut Australia – changeover completed 1 July with successful ramp-up to targeted production and development rates
- **Development of C1 and C4/5 declines on schedule:** good ground conditions
- **FY2015 production and cost guidance: 65-70,000t of copper, 35-40,000oz of gold** at C1 cash operating costs in the range of **US\$1.15-1.25/lb**

Exploration

- Drilling underway to upgrade **Central and Eastern portions of C4 resource** to Indicated status
- Diamond drilling underway at **Springfield Project (Talisman JV)** to test EM conductor ~5km east of DeGrussa
- Diamond drilling completed at **Thaduna Project (Ventnor JV)** to advance DeGrussa Oxide Copper Project
- Deep diamond drilling to commence at **Misima porphyry copper-gold project** in September Quarter

Corporate and Financial

- **Facility balance reduced to \$160M** at 30 June 2014 with **cash reserves of \$58M**
- **FY2014 Sales Revenue \$531M** – planned June shipment departed on 1 July for additional \$18M revenue



June 2014 Quarterly Highlights

FY2014 production; Concentrator and underground mine exceeding 1.5Mtpa; FY2015 guidance and costs



Production and Operations

- **June 2014 Quarter: 17,654t copper and 9,288oz gold produced; C1 cash cost of US\$1.18/lb**
- **FY2014 production: 67,690t copper and 33,893oz gold; C1 US\$1.18/lb**
- Concentrator throughput exceeded 1.5Mtpa
- Underground mining rate exceeded 1.5Mtpa; 22km of underground development completed
- **FY2015 production guidance: 65-70,000t copper, 35-40,000oz gold: C1 cash cost in the range of US\$1.15 -1.25/lb**

Contained metal production	Sep 2013 Qtr	Dec 2013 Qtr	Mar 2014 Qtr	Jun 2014 Qtr	FY 2014
COPPER (t)	16,446	15,492	18,098	17,654	67,690
GOLD (oz)	8,613	5,957	10,035	9,288	33,893



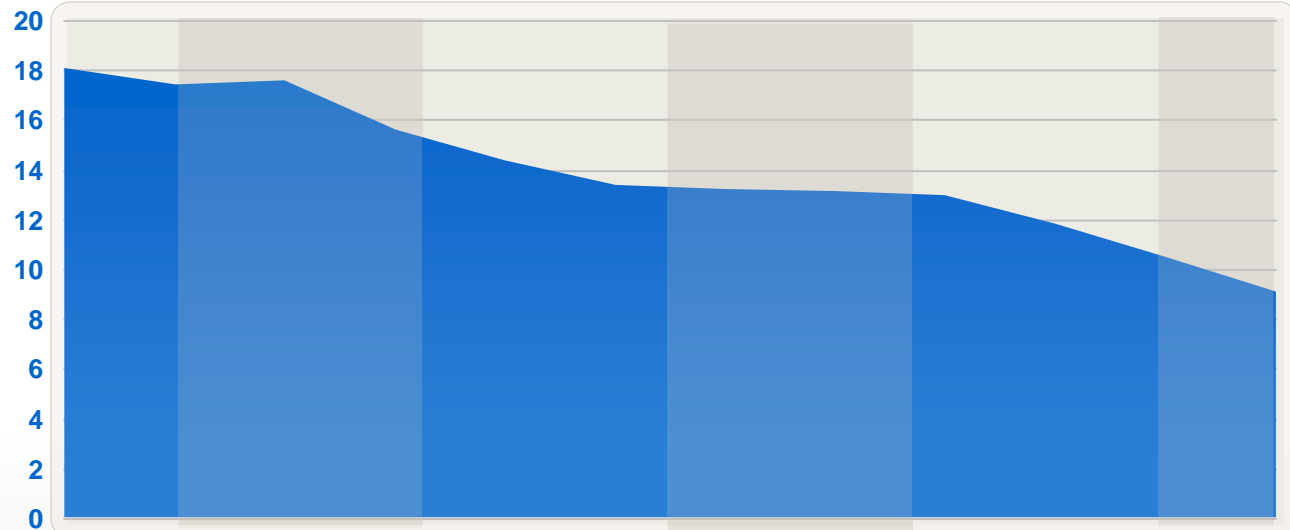
Safety

Continued sound safety performance



- Continued decline in Total Recordable Injury Frequency Rate (TRIFR) to 9.1 at Quarter-end (vs. 13.0 at March Quarter-end)
- Several initiatives continuing to improve safety performance including safety skills and leadership, operational standard development and risk and assurance management

TRIFR



Jul '13 Aug '13 Sep '13 Oct '13 Nov '13 Dec '13 Jan '14 Feb '14 Mar '14 Apr '14 May '14 Jun '14





UNDERGROUND

- Underground mining rate of **1.5Mtpa** exceeded with **415,930t** of underground sulphide ore mined for the Quarter
- Mine remains in **balance between production and back-fill**: paste plant performance on target
- **C4/5 Decline development** on schedule with good ground conditions
- **Total underground development** progressed to **22km**
- **New underground mining contract** awarded to Byrnecut Australia Pty Ltd: +10% reduction in gross mining costs



Processing

Copper recoveries to improve further; strong concentrate production



MILL THROUGHPUT

- **396,077t milled** at average head feed grade of 5.0% Cu
- Annualised rate of **1.5Mtpa exceeded**
- Maintenance included change-out of SAG mill grate
- Continued process of scadding SAG mill – pebble crusher to be installed in September Quarter

RECOVERY

- **Copper recovery of 89.5%**; Gold recovery 50.7%
- Recoveries expected to return to +90% in September Quarter with installation of a column flotation cell

CONCENTRATE & METAL PRODUCTION

- **74,064t** of concentrate produced
- **17,654t** of contained copper produced: in line with guidance



Sales

Copper and gold sales



- **Quarterly sales** of 13,754 tonnes of payable copper and 6,509 ounces of gold
- **FY2014 sales** of 62,667 tonnes of payable copper and 29,686 ounces of gold
- Port Hedland and Geraldton Ports both operating well
- **~19,000 tonnes concentrate holding** at site and at port at Quarter-end, additional sale completed 1 July 2014



Quarterly Unit Operating Costs

C1 and total production costs



Unit costs – DeGrussa Mine	Q4 FY2014 (US\$/lb)	FY2014 (US\$/lb)	Commentary
Mining (net of development)	0.51	0.51	Unit costs reduced through the year with increased grade and copper production
Processing	0.37	0.36	
Business services	0.13	0.14	1H FY 2014 was impacted by restricted open pit recovery and lower ore grades; C1 of US\$1.30/lb
Transport, treatment and refining	0.51	0.50	
C1 cost (pre-by product credit)	1.53	1.50	
By-product credit (gold and silver)	(0.35)	(0.32)	2H FY 2014 solely underground ore from higher grade stopes and higher recovery; driving production higher and costs lower, below US\$1.15/lb
C1 cost	1.18	1.18	
Royalties	0.16	0.17	Stronger AUD (90c to 94c) has lifted stated USD C1 by around 4%
Production cost	1.34	1.35	
Depreciation and amortisation	0.64	0.63	
Total production cost	1.98	1.98	

Production Guidance: FY2015

Key physicals



Key Operational Targets	FY2015 – Guidance	Commentary
Ore mined	1.5Mt	Underground mining operations
Ore processed	1.6Mt	Includes stockpile of underground sulphide and stockpiled scats
Mined grade - copper	4.9% Cu	Mining Conductor 1 (81%), DeGrussa (12%), and C4 (7%) orebodies
Mined grade – gold	1.7g/t Au	
Copper Recovery	91%	Copper recovery ~90% for 1H FY2015, increasing to 91-92% into 2H FY2015
Gold Recovery	45%	
Concentrate Produced	280kt	Based on mid-point of production guidance
Concentrate grade - copper	24-25% Cu	Targeted on spec concentrate grade and quality
Concentrate grade – gold	4.0-4.5g/t Au	



Production Guidance: FY2015

Key physicals



Production Guidance – DeGrussa Mine	FY2014	1H FY2015	2H FY2015	FY2015
Contained Copper (t)	67,690	~30,000	35-40,000	65-70,000
Contained gold (oz)	33,893	~18,000	17-22,000	35-40,000
Head grade (Cu)	5.2%	4.4%	5.1%	4.8%
Head grade (Au)	1.5%	1.6%	1.7%	1.7%



Cost Guidance: FY2015

C1 unit costs, total production costs and capital expenditure



Unit costs – DeGrussa Mine	FY2015 (US\$/lb)	FY2014 (US\$/lb)	Commentary
Mining (net of development)	0.44	0.51	Gross and unit mining rates reducing in line with new mining contract rates and optimisation and efficiency programs
Processing	0.35	0.36	
Business services	0.14	0.14	
Transport, treatment and refining	0.56	0.50	Global increases in smelter treatment and refining charges; offset in part by continued low shipping costs
C1 cost (pre-by product credit)	1.51	1.50	
By-product credit (gold)	(0.32)	(0.32)	FY2015 guidance based on USD at 0.94c
C1 cost	1.19	1.18	
Royalties	0.17	0.17	Mine development ~\$70M, Strategic and sustaining capital ~\$25M
Production cost	1.36	1.35	
Depreciation and amortisation	0.65	0.63	Unit cost guidance stated at mid-point of production guidance band
Total production cost	2.01	1.98	

Exploration Summary

Near-mine exploration delivering results; major regional exploration programs commenced under recently-concluded JVs

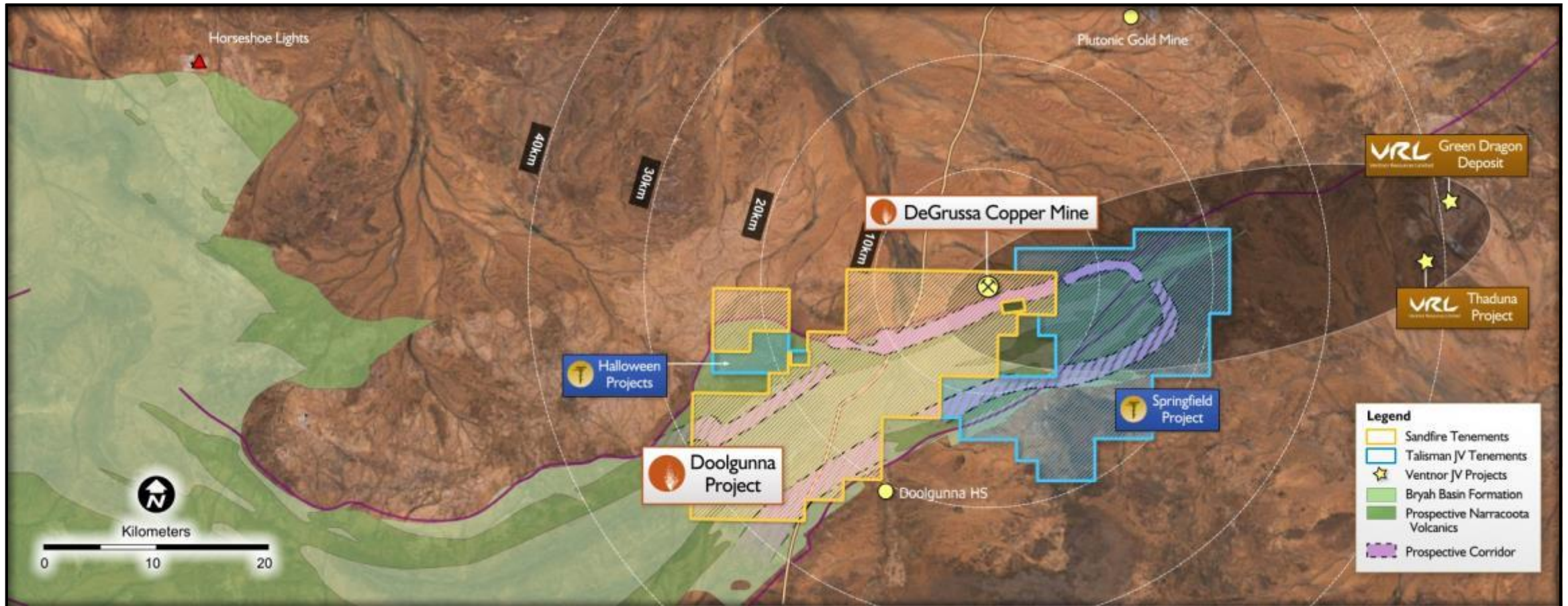


- Resource definition drilling underway to upgrade Central and Eastern portions of the C4 orebody from Inferred to Indicated Resource status
- High-powered DHEM and FLEM surveys commenced over key areas of the Springfield Project (Talisman JV)
 - Late time EM conductor identified ~5km east of DeGrussa
 - Deep diamond drill hole underway aimed at intersecting the modelled conductor at a target depth of 400m below surface
- Completion of drilling at the Thaduna Copper Project (Ventnor JV)
- Drilling scheduled to commence at Misima Project (WCB Resources) in September Quarter



Sandfire – Dominant Position in an Emerging VMS Province

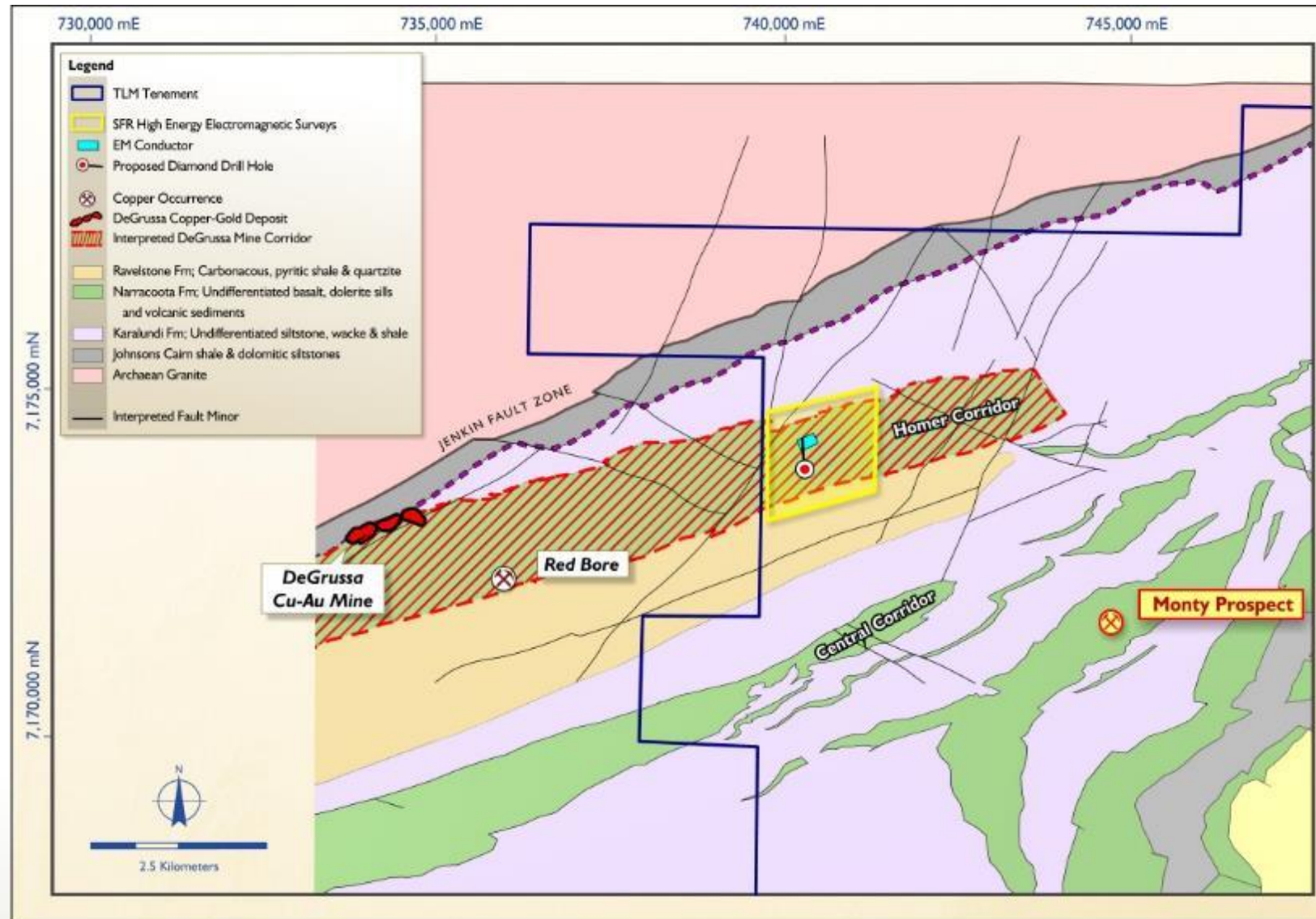
Consolidating a strong position in Western Australia's emerging Bryah Basin VMS copper-gold province



- Only operating base metals processing plant in the region (1.5Mtpa DeGrussa Concentrator)
- Outstanding organic growth potential – extensive 65km strike length of prospective VMS horizon
- Recently expanded strategic footprint via Talisman and Ventnor Joint Ventures

Talisman Joint Venture – New EM Conductor at Homer

Deep diamond drilling underway targeting late-time EM conductor



Summary and Outlook

Solid production quarter; strong outlook for FY2015



- Solid quarterly production and cost performance:
 - 17,654t copper, 9,288oz gold production at C1 cost of US\$1.18/lb
 - Optimisation projects planned for September Quarter
- Operating cash flow:
 - \$30M repayment reduces finance facility to \$160M at year end
 - Ongoing exploration commitment
- Consistent outlook for FY 2015:
 - FY2015 guidance: 65-70kt Cu, 35-40koz gold at C1 US\$1.15-1.25/lb
- Progress under new exploration JV's
- Tier-1 porphyry copper-gold opportunity secured

A premier Australian copper producer





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